

# Exhibit B



To  
From  
Date  
Subject

All Publix Egg Producers/Suppliers  
Dave Cerra/Business Development Director  
July 11, 2002  
**FMI - NCCR Animal Welfare Guidelines**

#### Background

On June 27, 2002 the Food Marketing Institute and the National Council of Chain Restaurants publicly released the *FMI - NCCR Animal Welfare Report*. Publix has been very active in working with both FMI as well as our suppliers in addressing the issues covered in this report. In keeping with Publix' desire to set a higher standard in all our business endeavors and to fully meet the needs of the communities we serve, Publix has adopted the *FMI - NCCR Animal Welfare Guidelines* as the standard requirement for all vendors to follow in dealing with animal welfare.

#### Action

As a supplier to Publix, we are requesting that you agree to follow the guidelines as set forth in the above mentioned report (the report is included in this communiqué as an attachment). Further, Publix needs to receive in writing your company's commitment to adhere to these guidelines. This commitment must be signed by an officer of your company and returned to Publix by July 26, 2002. Return to:

Publix Super Markets, Inc.  
P.O. Box 407  
Lakeland, FL 33815-0407  
Attention: Dave Cerra Bldg. 20

#### Questions

If you have any questions, comments, or concerns please feel free to contact Dave Cerra x5698 or Greg Bates x5387.

Publix Super Markets, Inc. (863) 688-7407

CONFIDENTIAL

\*\*\* TOTAL PAGE 803 \*\*\*  
CM00731238

DEFENDANTS'  
EXHIBIT

Case No. 1:11-cv-08808

**D-0198**

**D-0198-0001 of 0001**



Dolph Baker

Wal-Mart

File

**From:** "Jeff Hardin" <jhardin@cmfoods.com>  
**To:** "dolph baker"  
**Sent:** Friday, January 31, 2003 9:23 AM  
**Subject:** FW: Animal Welfare Cost

Dolph:

FYI

-----Original Message-----

From: Kelli Crossland [mailto:Kelli.Crossland@wal-mart.com]  
Sent: Monday, January 27, 2003 2:01 PM  
To: Country Creek F - Justin Whaley; Cal-Maine Foods - Jeff Hardin;  
'gbethel@hilldalefarms.com'; 'hf-mike@isgroup.net';  
'wmoooney@pilgrimspride.com'  
Cc: Dana Frost; Scott Poole; Bonnie Robinson; David Westmoreland  
Subject: Animal Welfare Cost

Hello All!

I have reviewed all the information from the presentations on the animal welfare cost and I have decided I will start everyone the same since the cost should be approximately the same. We can revisit at a later date when more changes are made to meet the requirements.

Everyone will start at 2 cents per dozen across the board.

I will update the pricing sheets this week and send them out so you can start using them for next week's pricing.

Thanks!!

Kelli Crossland  
Wal-Mart Food Team  
Dept 90-Dairy  
Phone-479-277-1854  
Fax-479-277-1988  
Kelli.Crossland@wal-mart.com  
Mail Stop 0265

threw to believe  
60,000 c/wk  
604  
\$36.66/wk  
52  
\$1,872,000/yr

\*\*\*\*\*  
This email and any files transmitted with it are confidential and intended solely for the individual or entity to whom they are addressed. If you have received this email in error destroy it immediately.

\*\*\*\*\*

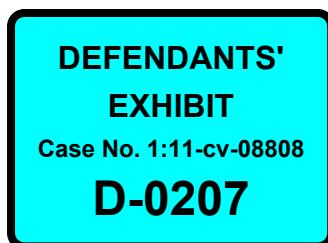
Wal-Mart Stores, Inc. Confidential

\*\*\*\*\*

1/31/2003

HIGHLY CONFIDENTIAL

CM00404010



**D-0207-0001 of 0002**

**Dolph Baker**

**From:** "Jeff Hardin" <jhardin@cmfoods.com>  
**To:** "dolph baker"  
**Sent:** Friday, January 31, 2003 9:23 AM  
**Subject:** FW: Animal Welfare Cost

Dolph:

FYI

-----Original Message-----

From: Kelli Crossland [mailto:[Kelli.Crossland@wal-mart.com](mailto:Kelli.Crossland@wal-mart.com)]  
 Sent: Monday, January 27, 2003 2:01 PM  
 To: Country Creek F - Justin Whaley; Cal-Maine Foods - Jeff Hardin;  
 '[gbethel@hillandalefarms.com](mailto:gbethel@hillandalefarms.com)'; '[hf-mike@isgroup.net](mailto:hf-mike@isgroup.net)';  
 '[wmooney@pilgrimspride.com](mailto:wmooney@pilgrimspride.com)'  
 Cc: Dana Frost; Scott Poole; Bonnie Robinson; David Westmoreland  
 Subject: Animal Welfare Cost

Hello All!

I have reviewed all the information from the presentations on the animal welfare cost and I have decided I will start everyone the same since the cost should be approximately the same. We can revisit at a later date when more changes are made to meet the requirements.

Everyone will start at 2 cents per dozen across the board.

I will update the pricing sheets this week and send them out so you can start using them for next week's pricing.

Thanks!!

Kelli Crossland  
 Wal-Mart Food Team  
 Dept 90-Dairy  
 Phone-479-277-1854  
 Fax-479-277-1988  
[Kelli.Crossland@wal-mart.com](mailto:Kelli.Crossland@wal-mart.com)  
 Mail Stop 0265

*hard to believe*  
 60,000 cs/wk  
 60¢  
\$36,000/wk  
 52  
\$1,872,000/yr

\*\*\*\*\*  
 This email and any files transmitted with it are confidential  
 and intended solely for the individual or entity to  
 whom they are addressed. If you have received this email  
 in error destroy it immediately.  
 \*\*\*\*\*

Wal-Mart Stores, Inc. Confidential  
 \*\*\*\*\*

1/31/2003

HIGHLY CONFIDENTIAL

CM00404011

**D-0207-0002 of 0002**





CAL-MAINE FOODS, INC.  
3320 WOODROW WILSON DRIVE  
POST OFFICE BOX 2960  
JACKSON, MISSISSIPPI 39207

PHONE: 601-948-6813

FAX : 601-949-7845

1) Ed Scott  
2) Sherman Miller  
3) Leonard Kopp

ATTN: Leonard Kopp  
COMPANY: Cal-Maine

FAX NUMBER: \_\_\_\_\_

FROM: Dolph Baker

DATE: 3-7-03

TOTAL NUMBER OF PAGES INCLUDING COVER: 6

If there are any problems with this transmission, please call (601) 948-6813, as soon as possible.

SPECIAL INSTRUCTIONS(IF ANY):

(See attached)

HIGHLY CONFIDENTIAL

CM00258657

DEFENDANTS'  
EXHIBIT

Case No. 1:11-cv-08808

D-0210

D-0210-0001 of 0006

MAR-07-2003 12:58

CAL-MAINE FOODS

601 949 7845 P.02/06



800 Englewood Drive ~ Crawfordsville, IN 47933

765-364-5200 ~ Fax: 765-364-3296

## CAL-MAINE FOODS, INC.

This agreement supersedes any previous agreement between Pace Dairy and Cal-Maine Foods, Inc. and shall be effective on February 2, 2003 and shall remain in effect until January 31, 2004.

I. Volume

Cal-Maine Foods, Inc. will agree to supply and Kroger will agree to purchase eggs used by Kroger at the following warehouse locations:

Memphis, Tennessee  
Roanoke, Virginia

This volume is to reflect the total weekly needs of the above warehouses, which will fluctuate from week to week. Notwithstanding the above, Pace is not required to purchase any certain volume of eggs during the term hereof.

II. Cartoned Eggs

Effective for eggs delivered to the Kroger warehouse in Memphis, Tennessee. Cartoned eggs will be priced F.O.B. Kroger supplied warehouses, including the one-dozen carton, multi-pack materials or shipping containers. All Urner Barry quotes are based on a white egg.

Grade A Jumbo	<.0460>	Southcentral Urner Barry Large Market
Grade A Ex-Large	<.1460>	Southcentral Urner Barry Large Market
Grade AA Large	<.1460>	Southcentral Urner Barry Large Market
Grade A Large/L18	<.1460>	Southcentral Urner Barry Large Market
Grade A Large 6	<.0960>	Southcentral Urner Barry Large Market
Grade A Medium	<.1460>	Southcentral Urner Barry Medium Market
Grade A Medium 2.5	<.1550>	Southcentral Urner Barry Medium Market
Grade A Small	<.1260>	Southcentral Urner Barry Small Market
Grade A Large Brown	<.0260>	Southcentral Urner Barry Large Market
Rus Dun L/L18/L2.5	<.1200>	Southcentral Urner Barry Large Market

The above pricing applies to eggs delivered to the Memphis, Tennessee warehouse.

MAR-07-2003 12:58

CAL-MAINE FOODS

601 949 7845 P.03/06

- 2 -

Effective for eggs delivered to the Kroger warehouse in Roanoke, Virginia. Cartoned eggs will be priced F.O.B. Kroger supplied warehouses, including the one-dozen carton, multi-pack materials or shipping containers. All Urner Barry quotes are based on a white egg.

Grade A Jumbo	<.0185>	Midwest Urner Barry Large Market
Grade A Ex-Large	<.1185>	Midwest Urner Barry Large Market
Grade AA Large	<.1185>	Midwest Urner Barry Large Market
Grade A Large/L18	<.1185>	Midwest Urner Barry Large Market
Grade A Large 6	<.0685>	Midwest Urner Barry Large Market
Grade A Medium	<.1185>	Midwest Urner Barry Medium Market
Grade A Medium 18	<.1275>	Midwest Urner Barry Medium Market
Grade A Small	<.0985>	Midwest Urner Barry Small Market
Grade A Large Brown	+.0015	Midwest Urner Barry Large Market

The above pricing applies to eggs delivered to the Roanoke, Virginia warehouse.

If Kroger causes eggs to be shipped to other locations, Kroger and Cal-Maine Foods, Inc. will negotiate the additional freight incurred at that time.

This agreement provides that during the term of the contract, Cal-Maine Foods, Inc. has the option to supply eggs to Kroger from other Cal-Maine Foods, Inc. production sites so long as they meet all of the other contractual requirements.

Orders will be shipped as ordered. If orders cannot be met, Kroger may supply eggs from other suppliers. Cal-Maine foods will not be held responsible for loads that exceed 6 a day with less than 48 hour notice.

### III. Billing - Subject to change at Pace Dairy's discretion

Cartoned eggs will be billed to Memphis, Tennessee warehouse as follows:

Grade A Jumbo	<.0460>	Southcentral Urner Barry Large Market
Grade A Ex-Large	<.1460>	Southcentral Urner Barry Large Market
Grade AA Large	<.1460>	Southcentral Urner Barry Large Market
Grade A Large/L18	<.1460>	Southcentral Urner Barry Large Market
Grade A Large 6	<.0960>	Southcentral Urner Barry Large Market
Grade A Medium	<.1460>	Southcentral Urner Barry Medium Market
Grade A Medium 2.5	<.1550>	Southcentral Urner Barry Medium Market
Grade A Small	<.1260>	Southcentral Urner Barry Small Market
Grade A Large Brown	<.0260>	Southcentral Urner Barry Large Market
Rus Dun L/L18/L2.5	<.0700>	Southcentral Urner Barry Large Market

A \$300.00 pickup allowance will be given in Memphis, Tennessee for eggs picked up Edwards, Mississippi. A \$200.00 pickup allowance will be given in Memphis, Tennessee for eggs picked up Searcy, Arkansas.

3/6/03

- 3 -

Cartoned eggs will be billed to Roanoke, Virginia warehouse as follows:

Grade A Jumbo	<.0185>	Midwest Urner Barry Large Market
Grade A Ex-Large	<.1185>	Midwest Urner Barry Large Market
Grade AA Large	<.1185>	Midwest Urner Barry Large Market
Grade A Large/L18	<.1185>	Midwest Urner Barry Large Market
Grade A Large 6	<.0685>	Midwest Urner Barry Large Market
Grade A Medium	<.1185>	Midwest Urner Barry Medium Market
Grade A Medium 18	<.1275>	Midwest Urner Barry Medium Market
Grade A Small	<.0985>	Midwest Urner Barry Small Market
Grade A Large Brown	+.0015	Midwest Urner Barry Large Market

The difference in the total cartoned egg cost per dozen and total cartoned egg billing per dozen will be billed solely to Cal-Maine Foods, Inc. by Pace at the end of each week. Terms are net (20) days from the date of invoice.

#### IV. Confirmations

Confirmations of product shipped must be faxed to Pace Dairy within 24 hours. Confirmations for the orders placed on the weekends must be faxed to Pace Dairy by noon on Monday. Failure to comply with Pace Dairy's confirmations policy will result in a \$100.00 charge per occurrence.

#### V. Quarterly Allowance

In addition to the above pricing, Cal-Maine Foods, Inc. will provide a quarterly feature allowance equal to fifty percent (50%) of the difference in the Southcentral Large Urner Barry quote and the Midwest Large Urner Barry quote. This allowance will be calculated weekly based off the total number of dozens delivered Monday through Sunday based on the prior Thursday's Large quote multiplied by the number of total dozens delivered to the Memphis, Tennessee warehouse. This format also applies to eggs sold to the Dillon Stores in Hutchinson, KS. The exception is that it will only apply to the eggs sold on the large market. Cal-Maine Foods, Inc. will issue a check quarterly payable to Pace Dairy Foods Of Indiana within 15 days of the close of Cal-Maine Foods, Inc. account period. The spread between Midwest and Southcentral will cap at 4 cents per dozen.

MAR-07-2003 12:59

CAL-MAINE FOODS

601 949 7845 P.05/06

- 4 -

VI. Pricing Days

Eggs sold to Kroger will be based on the Thursday Urner Barry Regional Quote, Point of destination. Eggs delivered to Houston, Texas and Dallas, Texas will be Tuesday through Monday based on the prior Thursday's quotation. Detroit, Michigan, Indianapolis, Indiana, Shelbyville, Indiana and Columbus, Ohio will be Saturday through Friday based on the prior Thursday's quotation. Eggs delivered to Memphis, Tennessee will be Monday through Sunday based on the prior Thursday's quote. Eggs delivered to Roanoke, Virginia will be Thursday through Wednesday based on the Thursday's quotation. Eggs delivered to Louisville, Kentucky, Nashville, Tennessee and Atlanta, Georgia will be Friday through Thursday based on the prior Thursday's quotation. If the Market is not quoted on Thursday, the Wednesday market will apply.

VII. Terms

Net Fourteen (14) days from receipt of invoice, however, Kroger will receive a \$0.0025/per dozen discount for payments made within ten (10) days of receipt of invoice. Discount taken after ten (10) days will be reimbursed to Cal-Maine.

*10/3/03*

VIII. Pallets

Pallets should be exchanged. If not, billed at \$5.50 each.

IX. Packaging Material

The above pricing included packaging material purchased from the Kroger Company. If at anytime during the term of the contract, Kroger's supplier of packaging materials should declare a price change, either increase or decrease, then Cal-Maine Foods, Inc. and Kroger shall negotiate the pricing basis for those items at that time.

Current packaging pricing is as follows:

Carton	Case
2x6 @ \$74.50/M	24 dozen @ \$915.75/M
3x6 @ \$107.75/M	20 dozen @ \$924.00/M
6 ct. @ \$105.50/M	
Jumbo @ \$75.50/M	
Sleeve @ \$125.00/M	

All packaging will be billed solely to Cal-Maine Foods, Inc. Terms are net fourteen (14) days after receipt of invoice.

X. Taxes and Licenses

All Taxes and Licenses will be at Cal-Maine Foods, Inc.'s expense. This includes Memphis, Tennessee and Roanoke, Virginia.

Any increase or new assessments will be paid by Cal-Maine Foods, Inc.

MAR-07-2003 12:59

CAL-MAINE FOODS

601 949 7845 P. 06/06

- 5 -

**XI. Shippers**

All shippers will have OSD, pack date, expiration date, and plant number per item.

**XII. Quit Clause**

In the event of poor quality or orders not being filled on a regular basis, Kroger or Cal-Maine Foods, Inc. can void this agreement upon a 30 day written notice.

**XIII. HACCP Program**

Cal-Maine Foods, Inc. shall develop a Hazard Analysis Critical Control Point (HACCP) program for the control of pathogenic organisms, such as Salmonella enteritidis in shell eggs. The program shall be inclusive from the breeding flocks through the transportation of eggs to Kroger. Contracted producer flocks shall be included in the HACCP program. The written HACCP program shall be subject to review by Pace. This shall constitute a hold harmless agreement for Kroger and its affiliates.

**XIV. Kroger Orders**

All Kroger orders shall be shipped as ordered. If the orders cannot be met, Kroger reserves the right to give the order to another supplier.

**XIV. Animal Welfare Certification**

Cal-Maine Foods, Inc. must show proof that they are a "Certified Company" under the UEP guidelines for the "Animal Husbandry Guidelines for U.S. Egg Laying Flocks." A copy must be attached to this contract.

Kroger will not accept any eggs from Cal-Maine Foods, Inc. that have not been 100% produced in these terms.

PACE DAIRY FOODS OF INDIANA

by Gary StullITS G.M. of Egg Procurement

CAL-MAINE FOODS, INC.

by D. J. BakerITS President

TOTAL P.06

HIGHLY CONFIDENTIAL

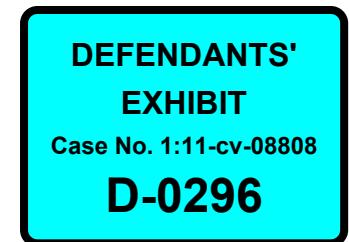
CM00258662

D-0210-0006 of 0006



## McDonald's Cost

Distribution Center	Pickup Location	Mileage	Cases	Cost per Dozen		
				Picked up C-M	Delivery Cost	Delivered Cost
Salt Lake City, UT	Delta, Utah	138	248	68.50	1.61	70.11
Denver, CO		519	810	68.50	3.03	71.53
Phoenix, AZ		563	1250	68.50	3.28	71.78
Los Angeles, CA		582	2014	68.50	3.40	71.90
Stockton, CA		650	1433	68.50	3.79	72.29
Portland, OR		769	557	68.50	4.49	72.99
Seattle, WA		975	871	68.50	5.69	74.19
Little Rock, AR	Rossburg, OH	694	403	65.05	4.05	69.10
Kansas City, KS		506	926	65.05	2.95	68.00
Grand Prairie, TX		1010	1192	65.05	5.89	70.94
Conroe, TX		1060	748	65.05	6.18	71.23
Port Allen, LA		960	556	65.05	5.60	70.65
Baton Rouge, LA		960	78	65.05	5.60	70.65
Dayton, OH		67	1078	65.05	0.78	65.83
Toledo, OH		112	838	65.05	1.31	66.36
Greenfield, IN		117	577	65.05	1.37	66.42
Louisville, KY		198	571	65.05	2.31	67.36
Cleveland, OH		217	764	65.05	2.53	67.58
St. Johns, MI		222	926	65.05	2.59	67.64
Lemont, IL		238	1278	65.05	2.78	67.83
Pittsburgh, PA		295	569	65.05	1.72	66.77
Milwaukee, WI		320	891	65.05	1.87	66.92
St. Louis, MO		359	630	65.05	2.09	67.14
Dickson, TN		441	537	65.05	2.57	67.62
Rochester, NY		479	607	65.05	2.79	67.84
Greensboro, NC		510	717	65.05	2.98	68.03
Manassas, VA		526	1600	65.05	3.07	68.12
Atlanta, GA		549	701	65.05	3.20	68.25
Philadelphia, PA		580	1212	65.05	3.38	68.43
Columbia, SC		612	433	65.05	3.57	68.62
Fridley, MN		643	1020	65.05	3.75	68.80
Long Island, NY		647	511	65.05	3.77	68.82
Harriman, NY		650	1086	65.05	3.79	68.84
Suffolk, VA		663	456	65.05	3.87	68.92
Hartford, CT		747	979	65.05	4.36	69.41
Boston, MA		848	943	65.05	4.95	70.00
Kissimmee, FL		999	1143	65.05	5.83	70.88
Tampa, FL		1086	135	65.05	6.34	71.39
Pompano, FL		1179	755	65.05	6.88	71.93
<b>Total</b>		<b>22,690</b>	<b>32,043</b>			



D-0296-0001 of 0010

## McDonald's Cost

Distribution Center	Pickup Location	Mileage	Cases	Cost per Dozen		
				Picked up C-M	Delivery Cost	Delivered Cost
Salt Lake City, UT	Delta, Utah	138	248	68.50	1.61	70.11
Denver, CO		519	810	68.50	3.03	71.53
Phoenix, AZ		563	1250	68.50	3.28	71.78
Los Angeles, CA		582	2014	68.50	3.40	71.90
Stockton, CA		650	1433	68.50	3.79	72.29
Portland, OR		769	557	68.50	4.49	72.99
Seattle, WA		975	871	68.50	5.69	74.19
Little Rock, AR	Rossburg, OH	694	403	65.05	4.05	69.10
Kansas City, KS		506	926	65.05	2.95	68.00
Grand Prairie, TX		1010	1192	65.05	5.89	70.94
Conroe, TX		1060	748	65.05	6.18	71.23
Port Allen, LA		960	556	65.05	5.60	70.65
Baton Rouge, LA		960	78	65.05	5.60	70.65
Dayton, OH		67	1076	65.05	0.78	65.83
Toledo, OH		112	838	65.05	1.31	66.36
Greenfield, IN		117	577	65.05	1.37	66.42
Louisville, KY		198	571	65.05	2.31	67.36
Cleveland, OH		217	764	65.05	2.53	67.58
St. Johns, MI		222	926	65.05	2.59	67.64
Lemont, IL		238	1278	65.05	2.78	67.83
Pittsburgh, PA		295	569	65.05	1.72	66.77
Milwaukee, WI		320	851	65.05	1.87	66.92
St. Louis, MO		359	630	65.05	2.09	67.14
Dickson, TN		441	557	65.05	2.57	67.62
Rochester, NY		479	607	65.05	2.79	67.84
Greensboro, NC		510	717	65.05	2.98	68.03
Manassas, VA		526	1600	65.05	3.07	66.12
Atlanta, GA		549	701	65.05	3.20	66.25
Philadelphia, PA		580	1212	65.05	3.36	66.43
Columbia, SC		612	433	65.05	3.57	66.62
Fridley, MN		643	1020	65.05	3.75	66.80
Long Island, NY		647	511	65.05	3.77	66.82
Harriman, NY		650	1086	65.05	3.79	66.84
Suffolk, VA		663	456	65.05	3.87	66.92
Hartford, CT		747	979	65.05	4.36	69.41
Boston, MA		848	943	65.05	4.95	70.00
Kissimmee, FL		999	1143	65.05	5.83	70.88
Tampa, FL		1086	135	65.05	6.34	71.39
Pompano, FL		1179	755	65.05	6.88	71.93
Total		22,690	32,043			

	Rossburg, OH			Delta, UT		
\$/T	95	105	115	125	135	145
Conversion	3.2	3.2	3.2	3.0	3.0	3.0
Feed	15.20	16.80	18.40	18.75	20.25	21.75
Facility	10.00	10.00	10.00	10.00	10.00	10.00
Bird Ammortization	9.00	9.00	9.00	9.00	9.00	9.00
Mortality	0.30	0.30	0.30	0.30	0.30	0.30
Other	0.70	0.70	0.70	0.70	0.70	0.70
Production Cost	35.20	36.80	38.40	38.75	40.25	41.75
Packaging	4.00	4.00	4.00	4.00	4.00	4.00
Processing	6.00	6.00	6.00	6.00	6.00	6.00
Sales Admin	0.25	0.25	0.25	0.25	0.25	0.25
General Admin. & Int	4.00	4.00	4.00	4.00	4.00	4.00
Size & Grade Yield Loss	7.00	7.00	7.00	7.00	7.00	7.00
Total Cost	56.45	58.05	59.65	60.00	61.50	63.00
Profit	7.00	7.00	7.00	7.00	7.00	7.00
Price	63.45	65.05	66.65	67.00	68.50	70.00

1-22-01

Steve Storm

**From:** "Jeff Hardin" <jhardin@cmfoods.com>  
**To:** "steve storm" <sstorm@cmfoods.com>  
**Cc:** "dolph baker" <dbaker@cmfoods.com>  
**Sent:** Friday, January 19, 2001 9:00 AM  
**Subject:** McDonalds volume

Talked to Dan Gorsky and he gave me the following volumes. Also said that they have established a team of regional managers with Dan leading the team to hear and analyze plans for implementing the PETA program. John Hendricks and Betsy Gaona are on this team which is a great advantage for Cal-Maine.

DC AVERAGE CASES PER WEEK # STORES	Vol	Stores	
LOS ANGELES 2014 731	2014	731	
PHOENIX 813 295	813	295	
SALT LAKE 248 90	248	90	
SAN FRANCISCO 1433 520	1433	520	
DENVER 810 294	810	294	
SEATTLE 871 316	871	316	
PORTRLAND 557 202	557	202	
HAWAII 215 78	215	78	
In addition, I got the Florida volumes.			
POMPANO 775 274	775	274	
TAMPA 135 49	135	49	
ORLANDO 1143 415	1143	415	
			2.68 \$/store
	6971	2526	

Dan continues to sound very interested. I told him we would be back before his trip in late February.

Jeff

775	274
135	49
1143	415
<hr/>	<hr/>
2053	738
	1.78

1/22/01

HIGHLY CONFIDENTIAL

CM00270633

D-0296-0003 of 0010

January 7, 2000

To: McDonalds Corporation  
 From: Cal-Maine Foods  
 RE: New egg program

Thanks for the opportunity to present our program for implementing the new guidelines for production of fresh eggs for the McDonald's Corporation. Cal-Maine has been the supplier to McDonald's for many years and we supply the following locations.

Distribution Center	30 dozen cases annually
Phoenix, AZ	65,000
Conroe, Tx.	38,900
Grand Prairie, Tx.	62,400
Port Allen, La.	30,700
Baton Rouge, La.	4,000
Kansas City, Ks.	46,800
Louisville, Ky	26,000
Saint Louis, Mo.	39,000
Little Rock, Ark.	23,400
Dickson, Tn.	31,200
Manassas, Va.	93,600
Suffolk, Va	23,400
Greensboro, NC	33,800
Atlanta, Ga.	44,200
Columbia, SC	26,000
<b>TOTAL</b>	<b>588,400 OR 17,652,000 DOZENS</b>

Cost to supply using current guidelines

ITEM	CENTS PER DOZEN
Contract	7.50
Feed (3.15 conversion @ 7 cents/lb)	22.00
Amortization	6.00
Other (medication, bird removal)	2.00
Utilization	0.00
<b>SUBTOTAL</b>	<b>37.50</b>
Plant cost	0.00
Freight	1.00
All others	19.00
Profit	7.50
<b>TOTAL</b>	<b>65.00 CENTS PER DOZEN</b>

HIGHLY CONFIDENTIAL

CM00270634

**D-0296-0004 of 0010**

## McDonald's Plan

Page 2

## Costs to supply using new guidelines

ITEM	CENTS PER DOZEN
Contract	12.50
Feed (3.50 conversion@ 7 cents lb)	24.50
Amortization	8.00
Other	2.00
Utilization	4.10
<b>SUBTOTAL</b>	<b>51.10</b>
Plant Cost	1.00
Freight	3.00
All Others	19.00
Profit	7.50
<b>TOTAL</b>	<b>81.60 CENTS PER DOZEN</b>
<b>DIFFERENCE</b>	<b>16.60 CENTS PER DOZEN</b>

How can we all work together to reduce these costs?

**CONTRACT:** There is not a thing we can do about contract costs, our growers will have to receive more per dozen to offset the loss on a total dozens basis. In our case we can only put three birds to a cage and will have 80 square inches per bird so the producer will only get 60% of their normal production. There are additional costs of gathering labor, packer utilization, in-haul , which add costs.

**FEED:** Again, not much can be done. This is an issue relating to cage density. With fewer birds per cage and fewer birds per house the house temperature will be lower than normal contributing to more feed consumption.

**AMORTIZATION:** This is strictly a function of eliminating molting. We have to replace birds earlier which means we lose all second cycle production at a reduced bird cost. About 2 cents on all dozens.

**OTHER:** nothing

**UTILIZATION:** This is the only area short-term where we might work together and have some impact. Your egg producer will only utilize about 70% of the total eggs produced to fill McDonald's needs. This would include all the Large and Extra Large eggs while the balance would be smalls, mediums, jumbos, super jumbo's, chex, loss and what we call breaking stock at the end of the flock cycle. As you can see from the cost tables, these off sizes add 4.10 cents per dozen to all dozens produced. In other words, all the costs are still in these eggs but McDonalds has no use for them in a fresh form. If we

McDonald's plan  
Page 3

could work an arrangement with SunnyFresh to utilize all these off-grades into PWE we would eliminate this cost.

FREIGHT: This is somewhat of a gray area and I'm not sure what can be done. Maybe Perseco could help. Bottom line, the only place that makes sense to produce these eggs is in Northwest Arkansas. From here, we can reach Kansas City, St. Louis, Little Rock, Grand Prairie, Conroe, Port Allen, Dickson, and Louisville. This would be a total of 302,000 cases or about 53% of our total sales to McDonald's. There may be more opportunity through backhauls between DC's to up this number even further. To deliver these DC's from Lincoln, Ark. would cost 3.0 cents and we currently spend 1.0 cent because our production is so close to the DC's and so much of it is picked up.

PLANT COSTS- Really nothing can be done. This is an additional cost related to plant efficiencies by not being able to run at full capacity because you don't have the eggs to run full. This impacts your fixed costs, your G&A, and some variable costs such as USDA.

This plan addresses all elements of the new McDonald's guidelines in such a way that can be monitored, documented, and reported. It is the most efficient method we can come up with and still make our grade for HACCP and USDA. This is a cost-plus plan which can be updated quarterly as your current plan is designed with a producer, Cal-Maine, which consistently ranks in the top third most efficient producers in the country.

Thanks for your interest.

**Cost for  
The McDonalds Plan**

The cages are 12" x 20" with 5 birds giving 48 sq " / bird. To get a minimum of 72 sq ", we will have to cut to 3 birds giving 80 sq ". In addition, there will be no forced molt. With these changes there will be added costs.

	<b>Current</b>	<b>New Deal</b>	<b>Difference</b>
<b>Volume</b>	12,500	7,500	
<b>Contract cost</b>	7.50	12.50	5.00
<b>Conversion</b>	3.15	3.50	
<b>Feed cost @ 7¢/lb</b>	22.00	24.50	2.50
<b>Ammortization</b>	6.00	8.00	2.00
<b>Other</b>	2.00	2.00	0.00
<b>Subtotal</b>	37.50	47.00	9.50
<b>Utilization</b>	100%	0.00	70%
		4.10	4.10
<b>Subtotal</b>		37.50	51.10
<b>Plant cost</b>		0.00	1.00
<b>Freight</b>		1.00	3.00
<b>Total</b>	<b>38.50</b>	<b>55.10</b>	<b>16.60</b>

<b>Utilization</b>		
100%	47.00	47.00
30%	37.50	11.25
70%	51.07	35.75
<b>Cost</b>		<b>4.07</b>

I think I will recommend a cost plus pricing program utilizing large and extra large eggs at about 20¢ per dozen more than the current program.

January 7, 2000

To: McDonalds Corporation  
 From: Cal-Maine Foods  
 RE: New egg program

Thanks for the opportunity to present our program for implementing the new guidelines for production of fresh eggs for the McDonald's Corporation. Cal-Maine has been the supplier to McDonald's for many years and we supply the following locations.

Distribution Center	30 dozen cases annually
Phoenix, AZ	65,000
Conroc, Tx.	38,900
Grand Prairie, Tx.	62,400
Port Allen, La.	30,700
Baton Rouge, La.	4,000
Kansas City, Ks.	46,800
Louisville, Ky	26,000
Saint Louis, Mo.	39,000
Little Rock, Ark.	23,400
Dickson, Tn.	31,200
Manassas, Va.	93,600
Suffolk, Va	23,400
Greensboro, NC	33,800
Atlanta, Ga.	44,200
Columbia, SC	26,000
TOTAL	588,400 OR 17,652,000 DOZENS

Cost to supply using current guidelines

ITEM	CENTS PER DOZEN
Contract	7.50
Feed (3.15 conversion@7 cents/lb)	22.00
Amortization	6.00
Other (medication, bird removal)	2.00
Utilization	0.00
SUBTOTAL	37.50
Plant cost	0.00
Freight	1.00
All others	19.00
Profit	7.50
TOTAL	65.00 CENTS PER DOZEN

HIGHLY CONFIDENTIAL

CM00270638

**D-0296-0008 of 0010**

## McDonald's Plan

Page 2

## Costs to supply using new guidelines

ITEM	CENTS PER DOZEN
Contract	12.50
Feed (3.50 conversion@ 7 cents lb)	24.50
Amortization	8.00
Other	2.00
Utilization	4.10
<b>SUBTOTAL</b>	<b>51.10</b>
Plant Cost	1.00
Freight	3.00
All Others	19.00
Profit	7.50
<b>TOTAL</b>	<b>81.60 CENTS PER DOZEN</b>
<b>DIFFERENCE</b>	<b>16.60 CENTS PER DOZEN</b>

How can we all work together to reduce these costs?

**CONTRACT:** There is not a thing we can do about contract costs, our growers will have to receive more per dozen to offset the loss on a total dozens basis. In our case we can only put three birds to a cage and will have 80 square inches per bird so the producer will only get 60% of their normal production. There are additional costs of gathering labor, packer utilization, in-haul , ect which add costs.

**FEED:** Again, not much can be done. The early debeaking and the lack of a follow-up debeaking will add about .35 in feed consumption to produce a dozen eggs.

**AMORTIZATION:** This is strictly a function of eliminating molting. We have to replace birds earlier which means we lose all second cycle production at a reduced bird cost. About 2 cents on all dozens.

**OTHER:** nothing

**UTILIZATION:** This is the only area short-term where we might work together and have some impact. Your egg producer will only utilize about 70% of the total eggs produced to fill McDonald's needs. This would include all the Large and Extra Large eggs while the balance would be smalls, mediums, jumbos, super jumbo's, chex, loss and what we call breaking stock at the end of the flock cycle. As you can see from the cost tables, these off sizes add 4.10 cents per dozen to all dozens produced. In other words, all the costs are still in these eggs but McDonalds has no use for them in a fresh form. If we

McDonald's plan

Page 3

could work an arrangement with SunnyFresh to utilize all these off-grades into PWE we would eliminate this cost.

FREIGHT: This is somewhat of a gray area and I'm not sure what can be done. Maybe Perseco could help. Bottom line, the only place that makes sense to produce these eggs is in Northwest Arkansas. From here, we can reach Kansas City, St. Louis, Little Rock, Grand Prairie, Conroe, Port Allen, Dickson, and Louisville. This would be a total of 302,000 cases or about 53% of our total sales to McDonald's. There may be more opportunity through backhauls between DC's to up this number even further. To deliver these DC's from Lincoln, Ark. would cost 3.0 cents and we currently spend 1.0 cent because our production is so close to the DC's and so much of it is picked up.

17

HIGHLY CONFIDENTIAL

CM00270640

**D-0296-0010 of 0010**



**MICHIGAN STATE  
UNIVERSITY**

October 4, 2004

Chairman Paul Bahan  
Producer's Committee for Animal Welfare  
United Egg Producer (UEP) Headquarters  
1720 Windward Concourse, Suite 230  
Alpharetta, GA 30005

Dear Chairman Bahan:

The UEP Scientific Advisory Committee for Animal Welfare is extremely concerned about the egg industry's current practices of backfilling. When the scientific committee established the welfare guidelines for cage space allocation, it was not our original intention to allow for the backfilling of cages by spare birds.

**S**

OFFICE OF THE  
DEAN  
College of Agriculture  
and Natural Resources  
Michigan State University  
102 Agriculture Hall  
East Lansing, MI  
48824-1039  
517/355-0232  
fax: 517/353-9896  
e-mail: [armstroj@msu.edu](mailto:armstroj@msu.edu)  
[www.canr.msu.edu/](http://www.canr.msu.edu/)

Bird welfare is compromised when backfilling is done every month to replace mortality for the purpose of keeping houses full. Science has shown that mixing birds from other flocks and with different ages increases susceptibility to disease. Older hens may harbor disease-causing pathogens that are easily transmitted to younger pullets that may have not been fully vaccinated or have had the opportunity to develop full immunocompetency. In addition, the introduction of unfamiliar birds to resident birds increases social competition and stress, which can increase mortality and decrease production.

It is with utmost urgency that the Producer's Committee for Animal Welfare advises egg producers who participate in UEP's Animal Care Certified Program to eliminate the practice of backfilling. Your customers as well as FMI and NCCR will not approve of the practice of backfilling. It is essential that you maintain science-based guidelines. We urge you to make this correction. It is imperative that the egg industry responds quickly to this issue so that they can continue to be the leaders in animal agriculture relative to self-regulation of welfare guidelines.

Sincerely,

*MSU is an affirmative-action  
Equal-opportunity institution.*

Jeff Armstrong, Chair  
Scientific Advisory  
Committee for UEP

CONFIDENTIAL



UE0176451

**DEFENDANTS'**

**EXHIBIT**

Case No. 1:11-cv-08808

**D-0466**

**D-0466-0001 of 0001**





219 of 243 DOCUMENTS

Copyright 2002 PR Newswire Association, Inc.  
PR Newswire

May 31, 2002 Friday

**SECTION: FINANCIAL NEWS**

**DISTRIBUTION: TO BUSINESS AND ENVIRONMENTAL EDITORS**

**LENGTH: 578 words**

**HEADLINE:** Albertson's Applauds and Supports Animal Welfare Guidelines Developed by the Food Marketing Institute

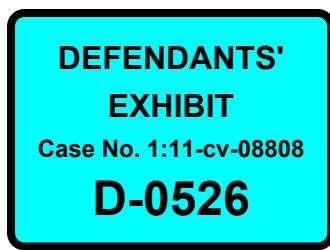
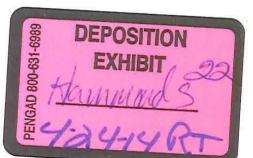
**DATELINE:** BOISE, Idaho May 31

**BODY:**

Albertson's, Inc. (NYSE: ABS) today reiterated its support for the Food Marketing Institute's (FMI) development of an animal welfare program. The Company served as an original member of the grocery retail leadership team that worked with FMI to develop the process and select the advisory committee. Albertson's has committed to insisting that its suppliers adopt the program's "best practice" guidelines when they are issued by FMI in early summer 2002.

In 2001, a number of grocery retailers including Albertson's, Kroger, Ahold and Safeway worked with FMI to develop a process for reviewing the issue of animal welfare. Last June, FMI teamed up with the National Council of Chain Restaurants (NCCR) to jointly address animal welfare issues. Since then, FMI and NCCR have been working with their members and leading animal welfare experts to develop science-based guidelines that will strengthen animal welfare practices across species. The experts include:

- Adele Douglas, Executive Director, Farm Animal Services
- David Fraser, Ph.D., Professor, University of British Columbia
- Gail C. Golab, Ph.D., DVM, American Veterinary Medical Association
- Temple Grandin, Ph.D., Assistant Professor, Department of Animal Sciences, Colorado State University
- Joy Mench, Ph.D., Professor, Animal Science, University of California - Davis
- Joe Mac Regenstein, Ph.D., Professor of Food Science, Department of Food Science, Cornell University



**D-0526-0001 of 0002**

Page 690

Albertson's Applauds and Supports Animal Welfare Guidelines Developed by the Food Marketing Institute PR  
Newswire May 31, 2002 Friday

-- Janice Swanson, Ph.D., Associate Professor, Animal Sciences and  
Industry, Kansas State University

Early this summer FMI and NCCR are scheduled to release a report that includes "best practice" guidelines to ensure the humane treatment of animals.

Today, Albertson's committed to not only communicate the guidelines to all of its suppliers but to also insist that they adopt them. The Company also said it will continue to participate in the FMI/NCCR Animal Welfare Program.

"Animal welfare is a very important issue not only for our Company but to many of the customers we serve," said Ertharin Cousin, Albertson's senior vice president of public affairs. "This industry effort, led by retailers working together with leading animal welfare experts, will make more progress in the humane treatment of animals than what any company could achieve simply acting alone. Albertson's will continue to support the FMI/NCCR ongoing research, technical review and engagement of the scientific community."

She said the FMI/NCCR guidelines will have "objective, measurable indices for humane practices in the breeding, handling and processing of animals in food production. In addition, the report will include recommendations for auditing and monitoring compliance, which Albertson's will support. The involvement of the chain restaurants in the Animal Welfare Program, which includes, McDonalds, Wendy's, Burger King and others, has been very beneficial. Together we can continue to improve the treatment of animals."

Albertson's is one of the world's largest food and drug retailers, with annual revenues of approximately \$38 billion. Based in Boise, Idaho, the Company employs more than 200,000 employees and operates approximately 2,300 retail stores in 33 states across the United States, under banners including Albertson's, Jewel-Osco, Acme, Sav-on Drugs, Osco Drug, Max Foods, Super Saver.

MAKE YOUR OPINION COUNT - [Click Here](#)  
<http://tbutton.prnewswire.com/prn/11690X52157734>

SOURCE Albertson's, Inc.

CONTACT: media, Ertharin Cousin, +1-208-395-6392, or investors, Renee Bergquist, +1-208-395-6622, both of Albertson's, Inc.

URL: <http://www.prnewswire.com>

LOAD-DATE: June 1, 2002

**D-0526-0002 of 0002**



visit our consumer sites -- select one --

Site Map | Contact Us

	About Us	Corporate News	Operations	Investor Info	Supplier Diversity	B2B Vendor Site
--	----------	----------------	------------	---------------	--------------------	-----------------

**CORPORATE NEWS**

**PRESS RELEASES**

press releases 2007 2006 2005 2004 2003 2002 Archived

speech archives < Go back

values

history

historic timeline

charitable giving

#### KROGER TO SUPPORT ANIMAL WELFARE GUIDELINES DEVELOPED BY THE FOOD MARKETING INSTITUTE

CINCINNATI, OH, May 31, 2002 -- The Kroger Co. (NYSE: KR) today said it continues to support the Food Marketing Institute's development of an animal welfare program and that the Company will require its suppliers to adopt the program's "best practice" guidelines when they are issued by FMI in early summer.

FMI began reviewing the issue of animal welfare in 2001 at the request of its member companies, including Kroger, Albertson's, Safeway and others. Last June, FMI teamed up with the National Council of Chain Restaurants (NCCR) to jointly address animal welfare issues. During the past 12 months, FMI and NCCR have been working with their members and leading animal welfare experts to develop science-based guidelines that will strengthen animal welfare practices across species. The experts include:

- Adele Douglas, Executive Director, Farm Animal Services
- David Fraser, PhD, Professor, University of British Columbia
- Gail C. Golab, PhD, DVM, American Veterinary Medical Association
- Temple Grandin, PhD., Assistant Professor, Department of Animal Sciences, Colorado State University
- Joy Mench, PhD, Professor, Animal Science, University of California - Davis
- Joe Mac Regenstein, PhD., Professor of Food Science, Department of Food Science, Cornell University
- Janice Swanson, PhD, Associate Professor, Animal Sciences and Industry, Kansas State University

FMI and NCCR will issue a report early this summer that includes "best practice" guidelines to ensure the humane treatment of animals.

Kroger today said it will communicate the guidelines to its suppliers and will require its suppliers to adopt them. The company also announced it will continue to participate in the FMI/NCCR Animal Welfare Program.

"We look forward to the guidelines that will be part of the FMI/NCCR report," said Lynn Marmer, Kroger's Group Vice President for Corporate Affairs. "We strongly believe this joint industry effort, with retailers and restaurants working together with leading animal welfare experts, will make more progress in the humane treatment of animals than what any company could achieve by acting alone. Kroger has supported the FMI/NCCR Animal Welfare Program since its inception and we will continue to support its ongoing research, technical review and engagement of the scientific community."

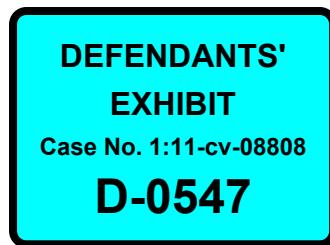
She said the FMI/NCCR guidelines will have "objective, measurable indices for humane practices in the growing, handling and processing of animals in food production. In addition, the report will include recommendations for auditing and monitoring compliance, which Kroger will support. The involvement of the chain restaurants – including McDonald's, Wendy's, Burger King and others – in the Animal Welfare Program has been very beneficial. Together we can continue to improve the treatment of animals."

Headquartered in Cincinnati, Ohio, Kroger is one of the nation's largest retail grocery chains. At the end of fiscal 2001, the Company (either directly or through its subsidiaries) operated 2,418 supermarkets and multi-department stores in 32 states under approximately two dozen banners, including Kroger, Ralphs, Fred Meyer, Food 4 Less, King Soopers, Smith's, Fry's and Fry's Marketplace, Dillon, QFC and City Market. Kroger also operates (either directly or through its subsidiaries) 789 convenience stores, 427 fine jewelry stores, 227 supermarket fuel centers and 41 food processing plants. For more information about Kroger, please visit our web site at [www.kroger.com](http://www.kroger.com).



[http://www.thekrogerco.com/corpnews/corpnewsinfo\\_pressreleases\\_05312002.htm](http://www.thekrogerco.com/corpnews/corpnewsinfo_pressreleases_05312002.htm)

8/24/2011



**D-0547-0001 of 0002**

**Kroger Contacts:**

Media: Gary Rhodes  
(513) 762-1304

Investor Contact: Kathy Kelly  
(513) 762-4969

[http://www.thekrogerco.com/corpnews/corpnewsinfo\\_pressreleases\\_05312002.htm](http://www.thekrogerco.com/corpnews/corpnewsinfo_pressreleases_05312002.htm)

8/24/2011

**D-0547-0002 of 0002**





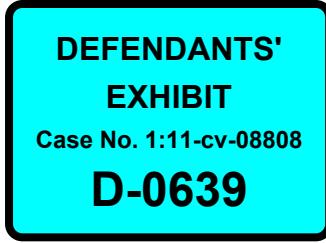
## **Walmart Stores, Inc.**

**“Best in Class”**

**Fresh Shell Egg Program**

---

**1** | Walmart “Best in Class” Fresh Shell Egg Program



**D-0639-0001 of 0041**



# Table of Contents:

- I. Egg Specifications
- II. Food Safety
- III. Animal Welfare
- IV. Carton / Case / Pallet Specs
- V. Sustainability
- VI. Recall Procedures

- Exhibit I Food Safety Requirements
- Exhibit II Carton Specifications
- Exhibit III Case Specifications
- Exhibit IV Quality Control Program
- Exhibit V Shipping Case Label Art File
- Exhibit VI Testing Procedures



## Executive Summary

### Walmart “Best in Class” Fresh Shell Egg Program

Walmart Stores Inc, the world's largest retailer, is committed to providing fresh shell eggs to consumers at affordable prices by setting goals to meet “Best Practices” and reduce environmental impact while encouraging category growth. By following this program suppliers will provide Walmart with a product that meets or exceeds the government requirements for food safety, animal husbandry, shipping requirements, and sustainability.



## I. Egg Specifications

### Summary

Walmart Fresh Shell Egg specifications provide requirements to suppliers certified by the USDA. These requirements include brand names and product description. All brands names available for use at Walmart must be listed. Product description will include the following:

- A. General Information
- B. Grade
- C. Weight
- D. Age
- E. Packing and Packaging
- F. Code Dating
- G. Handling and Storage

These specifications will also include requirements not certified by USDA but are the responsibility of the plant management such as:

- ⇒ HAACP Programs
- ⇒ Biosecurity
- ⇒ Case Labeling
- ⇒ Other labeling information required by State Egg Laws
- ⇒ Minimum Code life received at the DC's
- ⇒ Pallet Standards

These specifications will be closely monitored and reviewed. Plant facilities, equipment, and all processing operations must comply with the information outlined in this document.



## Egg Specifications – Grade AA

### Grade AA Shell Egg Specifications

Shell Eggs supplied to Wal-Mart Stores (applicable brand names include Country Creek, Sunny Meadows, Wilcox, Olympia Valley, Radio Foods, Sunny Farms, Wagon Trail Farmers Market, Peach Country Farmers Market, Big River Farmers Market, Ozark Farmers Market, LoneStar Farmers Market, LakeShore Farmers Market, Hudson Valley Farmers Market, Township Farmers Market, Sun Valley Farmers Market, California Farmers Market, Mountain Range Farmers Market, Oceanside Farmers Market, Southwest Farmers Market, Farm Fresh, Sparboe Farms, Sparboe's Best, County Post, First Light Egg Farm, Herbruck Farms, Great Eggs and Great Day Farms) shall be U.S. Grade AA as outlined in the current edition of the Regulations Governing the Voluntary Grading of Shell Eggs, 7 CFR, Part 56 and the U.S. Standards, Grades, and Weight Classes for Shell Eggs, AMS56, and should conform to the following specifications:

Plant facilities, equipment, and all processing operations must comply with a minimum of all USDA requirements.

#### I. Product Description

A. General: All shell eggs (white and brown) produced for Walmart, with the exception of Jumbo's and "specialty eggs", must be inspected by a USDA Grader and must meet the following Walmart specifications:

- Jumbo's are not subject to USDA grading. Jumbo's should be at a maximum of 7% checks/cracks at origin.
- All shell eggs must be washed, sanitized, and dried according to USDA guidelines.
- Shell protection (oil treatment) is optional.
- "Specialty eggs" are not subject to USDA grading. Specialty eggs will be classified as Sparboe's Best, Sparboe Farms Cage Free Brown, Sparboe Farms Omega, Land O Lakes, Smart Balance, Eggland's Best, Cage Free Eggland's, Free Roam, Free Range, Cage Free, Vita Eggs, Great Day Naturals, Nature's Harmony, Born Free, Davidson's Pasteurized Egg (Produced From USDA Grade A or Grade AA), Farmers Harvest, Huevos de Calidad and Great Day Farms brands. (These eggs must be graded by the processing plant to USDA quality specifications, but are not required to carry the shield).
- Organic eggs are also classified as "specialty", but they must meet the requirements of the USDA National Organic Program certification and bear that seal.



A combination of In-Line / Off-Line production will be allowed in the following manner:

\*\* At least 80% must come from In-line production. The exceptions are brown eggs and "Specialty Eggs". These eggs are allowed to come from Off-Line production. Any deviation from this must be documented in writing to the Walmart for approval.

\*\* However, a goal must be put into place to move to 100% In-Line production for future everyday supply. The exceptions are the holidays (Easter, Thanksgiving and Christmas), brown eggs, and "Specialty Eggs".

B. Grade: Lot average shall not be less than the following standards:

C. At Origin

90% AA Quality

No individual case may contain less than 83%AA Quality.

The balance (10%) may be within the next lower grades. Within this tolerance (10%) not more than 5% may be checks. Individual cases may not exceed 8% checks.

D. At Destination

72% AA Quality

No individual case may contain less than 62% AA Quality.

The balance (28%) may be within the next lower grades. Within this tolerance (28%) no more than 7% may be checks. No individual case may contain over 10% checks for suppliers that deliver to a warehouse.

E. Weight: All product shall meet USDA minimum weight requirements for the applicable size. It is permissible to pack the next larger size of eggs into cartons (for example, large eggs packed in medium cartons) provided they are not intermingled in the same carton with the lower marked weight class.

F. Age: All eggs must be of current production from in-line facilities and must be packed within 24 hours of the day of lay. All others must be packed within 168 hours (no more than 7 days old).

G. Packing and Packaging:

1. Cartons – Eggs shall be packed in new consumer size packages bearing Walmart's approved brand name(s) and the USDA official grade mark except for Jumbos and "specialty eggs". All federal regulatory information must be stated on cartons.

\*\*Additionally, any other labeling information required by State egg Laws must be present.

a. All Egg Cartons must meet specifications listed in Exhibit II.

b. Cases – All Eggs must be shipped in cases that meet the specifications listed in **Exhibit II**. After filling, each case shall be fully taped across the length of the top and extending down each end by at least 2.5 inches. Tape may be gummed or plastic, 1.75" – 3" wide. Bottoms of cases are to be stapled, taped or glued.

---

**6 | Walmart "Best in Class" Fresh Shell Egg Program**



**\*\*Meeting all of the SFI certified case requirements is the responsibility of the supplier and packing location, not USDA.**

Case Labeling – The case must be labeled / printed on a minimum of 1 side – **Exhibit III**. Each shipping label must be clearly identified with:

- Brand of the SKU
- Product Description
- Name and address of packer or distributor
- Grade and size
- UPC Number
- Case Pack Quantity
- Case Stock Number (this is usually the last 5 digits of the UPC)
- Best by Date or Use by Date or Exp. Date or Sell By Date as applicable
- "Keep Refrigerated" statement
- The font and size of the print may vary, but all fonts must be large enough to see from a distance.
- The product description needs to be the largest print on the case.
- The print must be dark enough that it can be clearly read.
- Label must be color coded so the different sizes can be easily identified
- Labels must be visible on all pallets.

**\*\*Meeting all of the Case Labeling requirements is the responsibility of the supplier and packing location, not USDA.**

H. Code Dating: Cartons must bear the Julian pack date as required by USDA. Additionally, cartons must bear an expiration (Exp) date not to exceed 24 days (including date of pack) in Arizona. Cartons outside of Arizona must bear an expiration (Exp) date not to exceed 30 days. The expiration date is to be shown as follows:

Exp 8-3-07  
or  
Exp Aug 3-07  
or  
Best By 8-3-07  
or  
Best by Aug 3-07  
or  
Use By 8-3-07  
or  
Use by Aug 3-07  
or  
Sell by 8-3-07  
or  
Sell by Aug 3-07

"Specialty Eggs" and Brown Shell Egg cartons may bear a "Use Before", "Use By", "Best Before", "Best if Used by" date not to exceed 45 days (including date of pack), in all states that will allow it under USDA requirements.

For Alaska, eggs can have a "Use By" Date, therefore they can be packed with 45 days.



- \*\* Grade AA eggs must have at least 17 days of shelf life in Arizona and 20 days in other states when they arrive at the warehouse unless approved by Walmart. Keep in mind that the 17 or 20 days is actually counted the day after it arrives since those eggs would have already missed billing that day, therefore when they reach the DC they must have 18 days in Arizona and 21 days outside of Arizona.
- I. Handling & Storage: All processed eggs at the packing facilities must be stored at temperature between 38°F and 45°F.
  - \*\* All processed eggs must be transported at temperature (air temperature) between 38°F and 42°F.  
Eggs on a pallet must be within 1 day of each other and the oldest eggs must be on the top layers of the pallet.
- II. Other Requirements:
  - \*\* A. HACCP: All suppliers must use a HACCP program for established standards and controls for the following areas;  
Pre-Processing:
    - Feed, Chickens, Housing, Vaccination, Pest (flies, beetles, etc.) and Rodent Control.
  - \*\* B. Biosecurity: Suppliers must have a strict policy regarding visitors to production facilities according to HACCP.  
For Example:
    - Clean shoes, sanitized hands, and special clothing for laying area. Visitors may not be connected with the raising of chickens due to possible spread of disease.
  - \*\* C. GFSI Certification for all shell Egg Processing facilities
    - See [www.GFSI.com](http://www.GFSI.com) for list of recognized schemes

Walmart Stores, Inc. will perform audits periodically at the farms / plants as well.

Traceability is very important – we must have on record your procedures and we should be working towards being able to trace to the house/flock/production location in the future. Suppliers must have the ability to perform product tracking (trace back) whenever necessary.

Suppliers must be compliant with the Bioterrorism Act of 2002, for traceability of feed grain sources and manufactured feed going to all chickens.

Suppliers must be willing to submit to annual (or more frequent) on-site inspections as determined by Walmart.

Fines for No Dates, No or Incorrect UPC's, Wrong Brand Labels or Loose Eggs, etc,--any non stop sale reason for stores not being able to sell the product will result in a \$25 fine plus the cost of the product.

(\*\*) Not certified by USDA. Responsibility of plant management.



### III. Laser Egg Etching

We are adopting new freshness and traceability guidelines that will require eggs to be laser etched with Use by Date, Grade, Size, USDA plant code, Julian pack date. The laser etching technology and process must be scientifically validated to demonstrate the structural integrity and safety of the egg is not compromised by the process. Potential laser etching technology must be approved by Walmart Food Safety before implementation in plant. We expect that all commodity eggs will meet this standard within 18 months, and that 100% of the shell eggs sold to Walmart will meet the standard within 24 months. Below are the specifications for Laser Egg Etching.

#### Specifications

The shell of each individual egg shall be permanently etched to a depth no greater than 20 $\mu$  (20 microns) to leave an imprint on the egg shell which is in vertical alignment with the egg. This etching should occur using an approved laser radiant energy source without application of any foreign material or chemical etching reagent.

:

#### Diagram of Marks



1. The Freshness Tag and the Egg Grade and Size will be expressed as follows:
  - a. "Expires or EXP", "Sell By" or "Use By"
  - b. Grade AA, Extra large = AAX
2. The Logo will be 30mm wide and 10mm high and will be as directed by Walmart.
3. The Tagline will be as directed by Walmart.
4. The Trace Code will be embedded with the following data:
  - a. The egg's origin, born date, grade and size, feed identification data, claims, origin of pullet farms and grow-out facilities.
  - b. The recall status of the egg.
5. Each egg's profile is to be stored in a secured web based data-base and made accessible to Walmart via the World Wide Web, for Walmart's review, use and publication, in any manner whatsoever, as determined in its sole discretion.
6. Certification by the egg producer that the marking does not infringe any patent including without limitation, the United States Patent No. US 7,951,409 B2.



## Egg Specifications – Grade A

### Grade A Shell Egg Specifications

Shell Eggs supplied to Wal-Mart Stores (applicable brand names include Country Creek, Sunny Meadows, Wilcox, Olympia Valley, Radio Foods, Sunny Farms, Wagon Trail Farmers Market, Peach Country Farmers Market, Big River Farmers Market, Ozark Farmers Market, LoneStar Farmers Market, LakeShore Farmers Market, Hudson Valley Farmers Market, Township Farmers Market, Sun Valley Farmers Market, California Farmers Market, Mountain Range Farmers Market, Oceanside Farmers Market, Southwest Farmers Market, Farm Fresh, Sparboe Farms, Sparboe's Best, County Post, First Light Egg Farm, Herbruck Farms, Great Eggs and Great Day Farms) shall be U.S. Grade A as outlined in the current edition of the Regulations Governing the Voluntary Grading of Shell Eggs, 7 CFR, Part 56 and the U.S. Standards, Grades, and Weight Classes for Shell Eggs, AMS56, and should conform to the following specifications:

Plant facilities, equipment, and all processing operations must comply with a minimum of all USDA requirements.

### I. Product Description

A. General: All shell eggs (white and brown) produced for Walmart, with the exception of Jumbo's and "specialty eggs", must be inspected by a USDA Grader and must meet the following Walmart specifications:

- Jumbo's are not subject to USDA grading. Jumbo's should be at a maximum of 7% checks/cracks at origin.
- All shell eggs must be washed, sanitized, and dried according to USDA guidelines.
- Shell protection (oil treatment) is optional.
- "Specialty eggs" are not subject to USDA grading. Specialty eggs will be classified as Sparboe's Best, Sparboe Farms Cage Free Brown, Sparboe Farms Omega, Land O Lakes, Smart Balance, Eggland's Best, Cage Free Eggland's, Free Roam, Free Range, Cage Free, Christopher Eggs, Vita Eggs, Great Day Naturals, Nature's Harmony, Born Free, Davidson's Pasteurized Egg (Produced From USDA Grade A or Grade AA), Farmers Harvest, Huevos de Calidad and Great Day Farms brands. (These eggs must be graded by the processing plant to USDA quality specifications, but are not required to carry the shield).
- Organic eggs are also classified as "specialty", but they must meet the requirements of the USDA National Organic Program certification and bear that seal.



A combination of In-Line / Off-Line production will be allowed in the following manner:

\*\* --At least 80% must come from In-line production. The exceptions are brown eggs and "Specialty Eggs". These eggs are allowed to come from Off-Line production. Any deviation from this must be documented in writing to the Walmart for approval.

\*\* However, a goal must be put into place to move to 100% In-Line production for future everyday supply. The exceptions are the holidays (Easter, Thanksgiving and Christmas), brown eggs, and "Specialty Eggs".

B. Grade: Lot average shall not be less than the following standards:

C. At Origin

90% A Quality

The balance (10%) may be within the next lower grades. Within this tolerance (10%) not more than 5% may be checks. Individual cases may not contain less than 85% Grade A quality and not over 15% B quality. No individual case may contain over 8% checks.

D. At Destination

82% A Quality

The balance (18%) may be within the next lower grades. Within this tolerance (18%) no more than 7% may be checks. Individual cases may not contain less than 72% Grade A quality and not over 18% B quality. No individual case may contain over 10% checks for suppliers that deliver to a warehouse.

E. Weight: All product shall meet USDA minimum weight requirements for the applicable size. It is permissible to pack the next larger size of eggs into cartons (for example, large eggs packed in medium cartons) provided they are not intermingled in the same carton with the lower marked weight class.

F. Age: All eggs must be of current production from in-line facilities and must be packed within 24 hours of the day of lay. All others must be packed within 168 hours (no more than 7 days old).

G. Packing and Packaging:

1. Cartons – Eggs shall be packed in new consumer size packages bearing Walmart's approved brand name(s) and the USDA official grade mark except for Jumbos and "specialty eggs". All federal regulatory information must be stated on cartons.

\*\*Additionally, any other labeling information required by State egg Laws must be present.

2. All Egg Cartons must meet specifications listed in **Exhibit II**.

3. Cases – All Eggs must be shipped in cases that meet the specifications listed in **Exhibit II**. After filling, each case shall be fully taped across the length of the top and extending down each end by at least 2.5 inches. Tape may be gummed or plastic, 1.75" – 3" wide. Bottoms of cases are to be stapled, taped or glued.

**\*\*Meeting all of the SFI certified case requirements is the responsibility of the supplier and packing location, not USDA.**

---

**11 | Walmart "Best in Class" Fresh Shell Egg Program**



4. Case Labeling – The case must be labeled / printed on a minimum of 1 side. Each shipping label must be clearly identified with:

- Brand of the SKU
- Product Description
- Name and address of packer or distributor
- Grade and size
- UPC Number
- Case Pack Quantity
- Case Stock Number (this is usually the last 5 digits of the UPC)
- Best by Date or Use by Date or Exp. Date or Sell By Date as applicable
- "Keep Refrigerated" statement
- The font and size of the print may vary, but all fonts must be large enough to see from a distance.
- The product description needs to be the largest print on the case.
- The print must be dark enough that it can be clearly read.
- Label must be color coded so the different sizes can be easily identified
- Labels must be visible on all pallets.

**\*\*Meeting all of the Walmart Case Labeling requirements is the responsibility of the supplier and packing location, not USDA.**

H. Code Dating: Cartons must bear the Julian pack date as required by USDA. Additionally, cartons must bear an expiration (Exp) date not to exceed 30 days (including date of pack). The expiration date is to be shown as follows:

Exp 8-3-07  
or  
Exp Aug 3-07  
or  
Best By 8-3-07  
or  
Best by Aug 3-07  
or  
Use By 8-3-07  
or  
Use by Aug 3-07  
or  
Sell by 8-3-07  
or  
Sell by Aug 3-07

"Specialty Eggs" and Brown Shell Egg cartons may bear a "Use Before", "Use By", "Best Before", "Best if Used by" date not to exceed 45 days (including date of pack), in all states that will allow it under USDA requirements.

For Alaska, eggs can have a "Use By" Date, therefore they can be packed with 45 days.

\*\* Grade A eggs must have at least 20 days of shelf life when they arrive at the warehouse unless approved by Walmart. Keep in mind that the 20 days is actually counted the day after it arrives since those eggs would have already missed billing that day, therefore when they reach the DC they must have 21 days.

I. Handling & Storage: All processed eggs at the packing facilities must be stored at temperature between 38°F and 45°F.

\*\* All processed eggs must be transported at temperature (air temperature) between 38°F and 42°F.

Eggs on a pallet must be within 1 day of each other and the oldest eggs must be on the top layers of the pallet.



II. **Other Requirements:**

- \*\* A. HACCP: All suppliers must use a HACCP program for established standards and controls for the following areas;  
Pre-Processing:
  - Feed, Chickens, Housing, Vaccination, Pest (flies, beetles, etc.) and Rodent Control.
- \*\* B. Biosecurity: Suppliers must have a strict policy regarding visitors to production facilities according to HACCP.  
For Example:
  - Clean shoes, sanitized hands, and special clothing for laying area. Visitors may not be connected with the raising of chickens due to possible spread of disease.
- \*\* C. GFSI Certification for all shell Egg Processing facilities
  - See [www.GFSI.com](http://www.GFSI.com) for list of recognized scheme

Walmart Stores, Inc. will perform audits periodically at the farms / plants as well.

Traceability is very important – we must have on record your procedures and we should be working towards being able to trace to the house/flock/production location in the future. Suppliers must have the ability to perform product tracking (trace back) whenever necessary.

Suppliers must be compliant with the Bioterrorism Act of 2002, for traceability of feed grain sources and manufactured feed going to all chickens.

Suppliers must be willing to submit to annual (or more frequent) on-site inspections as determined by Walmart.

Fines for No Dates, No or Incorrect UPC's, Wrong Brand Labels or Loose Eggs, etc,--any non stop sale reason for stores not being able to sell the product will result in a \$25 fine plus the cost of the product.

**(\*\*) Not certified by USDA. Responsibility of plant management.**



### III. Laser Egg Etching

We are adopting new freshness and traceability guidelines that will require eggs to be laser etched with Use by Date, Grade, Size, USDA plant code, Julian pack date. The laser etching technology and process must be scientifically validated to demonstrate the structural integrity and safety of the egg is not compromised by the process. Potential laser etching technology must be approved by Walmart Food Safety before implementation in plant. We expect that all commodity eggs will meet this standard within 18 months, and that 100% of the shell eggs sold to Walmart will meet the standard within 24 months. Below are the specifications for Laser Egg Etching.

#### Specifications

The shell of each individual egg shall be permanently etched to a depth no greater than 20 $\mu$  (20 microns) to leave an imprint on the egg shell which is in vertical alignment with the egg. This etching should occur using an approved laser radiant energy source without application of any foreign material or chemical etching reagent.

#### Diagram of Marks



1. The Freshness Tag and the Egg Grade and Size will be expressed as follows:
  - a. "Expires or EXP", "Sell By" or "Use By"
  - b. Grade AA, Extra large = AAX
2. The Logo will be 30mm wide and 10mm high and will be as directed by Walmart.
3. The Tagline will be as directed by Walmart.
4. The Trace Code will be embedded with the following data:
  - a. The egg's origin, born date, grade and size, feed identification data, claims, origin of pullet farms and grow-out facilities.
  - b. The recall status of the egg.
5. Each egg's profile is to be stored in a secured web based data-base and made accessible to Walmart via the World Wide Web, for Walmart's review, use and publication, in any manner whatsoever, as determined in its sole discretion.
6. Certification by the egg producer that the marking does not infringe any patent including without limitation, the United States Patent No. US 7,951,409 B2.



## II. Food Safety

### Summary

The purpose of the Walmart Egg Safety requirements is to provide the safest egg possible to the consumer. To accomplish this, Walmart has placed requirements that are above the industry and government standards on its suppliers.

While the egg industry in general does a good job of producing safe eggs there are additional avenues that have been included in the program that will enhance egg safety at an economically feasible cost. Included in these specifications are the new FDA Guidelines for Egg Safety as well as additional recommendations to enhance the program. These requirements will decrease the likelihood of a food borne illness from Walmart eggs although it will not totally remove the chance of one occurring.



## II. Walmart Fresh Shell Egg Safety

### Suppliers must comply with the following guidelines and the 7 Step Food Safety Program.

#### Guidelines:

- A.) Buy chicks and young hens only from suppliers who monitor for Salmonella bacteria.
- B.) Establish rodent, pest control, and other measures to prevent the spread of bacteria throughout the farm by people and equipment;
- C.) Test the poultry house for Salmonella enteritidis. If the bacteria is detected, a representative sample of the eggs must be tested over an 8-week time period (4 tests at 2 week intervals). If any of the four egg tests is positive, the producer must further process the eggs to destroy the bacteria, or divert the eggs to a non-food use.
- D.) Clean and disinfect poultry houses that have tested positive for Salmonella enteritidis.
- E.) Refrigerate eggs at 45 degrees Fahrenheit during storage and transportation, beginning no later than 36 hours after the eggs are laid.
- F.) APPI Approved Feed Sources – Any animal by product feed source must be supplied by an APPI supplier. APPI – Animal Protein Producers Industry.

#### 7 Step Food Safety Program:

- 1.) All birds used in the production of Walmart eggs will be sourced from hatcheries and breeder flocks that are NPIP (National Poultry Improvement Plan) monitored for Salmonella contamination. The complying hatcheries are to issue a Form 9 report that accompanies the delivery of day old chicks to the farm, "U.S. Se Enteritidis Clean" status.
- 2.) All facilities that will be used to produce Walmart eggs will have a strict "Restricted Access" policy enforced. No unauthorized or unaccompanied visitors will be allowed on the premises. All service personnel will be required to complete disinfection procedures and utilize proper protective clothing and footwear. Farm and plant should be maintained Bio-secure.
- 3.) There will be a Rodent / Fly Control Program in effect at each facility. This is the most important aspect to protect the chickens from being exposed to Salmonella. The utilization of a professional agency for this purpose and/or the utilization of an in-house program are acceptable but all programs will be verified and records kept on all rodents caught.
- 4.) **For CAGED and NON CAGED layers in the Walmart egg program, suppliers will use the following vaccination program during the growing period, with the first live given between day 1 and day 3 from hatch.**
  - a. Requirements are two live vaccines of Salmonella typhimurium (USDA licensed live, avirulent Salmonella typhimurium vaccine) plus a killed "Se Bacterin".
- 5.) The cartoned eggs produced for the program will be kept at 45 degree F in the egg coolers until picked up, thereby preventing any possible bacterial proliferation. The USDA Food Safety Inspection Service will verify the program.

The facilities/layers used in this program will be monitored for contamination by utilizing bacterial cultures that are analyzed by a FDA approved lab. The following ages and times should be used for environmental testing:

#### Caged Layers Age/Time

- At chick placement – chick box paper testing
- 14-16 weeks
- 40-45 weeks
- 55-60 weeks for Cage Free and Organic
- Post Molt (if molted, when flock reaches 50% of lay samples should be taken)
- 60-65 weeks (if not molted)

- 6.) A flock record and portfolio containing all the validated information will need to be maintained for each flock as an individual record.
- 7.) Testing can be more frequent if desired. Test environmental swabs of manure belts, pits, floors (cage free) and slats using the FDA protocol. If a positive is indicated during any environmental test, one of the following options must be followed:

#### Caged Layers

- 1.) Divert all the eggs from this flock for use in Walmart supply for the life of the flock.
- 2.) Divert all the eggs until the final (4<sup>th</sup>) egg sample is completed and all four egg test are negative or go to 3.
- 3.) Do organ (heart, liver spleen, and cecal tonsils) sample testing at the rate or ratio of 100 females for each 100,000 females per house within 7 days of environmental positive. If organ tests are negative, eggs can be used per FDA guidelines.

#### Non-Caged Layers

- 1.) Divert all eggs from this flock for use in Walmart supply for life of the flock.
- 2.) Do organ sample testing of 20 females per 10,000 females within 7 days of environmental positive. If negative on organ test then follow the FDA egg test protocol. If found negative then eggs can be used.
- 3.) Retest environment monthly for life of flock and if found environmental positive redo the organ and FDA test.



## Supplier High Five Checklist – Egg (Liquid or Shell)

Supplier: \_\_\_\_\_

Facility: \_\_\_\_\_

Yes  No  Not Asked 

### High Five No. 1 – Audits & Certifications

- Does the supplier have GFSI certifications or 3<sup>rd</sup> party audits for all processing facilities?.....

### High Five No. 2 – Recalls & Traceability

- Does the supplier have a recall and traceability program in place?.....
- Are mock recalls conducted at least annually?.....
- Are products traceable back to raw materials and beyond?.....

### High Five No. 3 – Hazard Analysis Critical Control point (HACCP) Program

- Does the supplier have a HACCP Program in place?.....
- If not, has a risk assessment been conducted?.....
- Is there a validated pasteurization step in the process?.....
- Does the supplier have strict product and storage temperature controls in place?.....
- Does the supplier maintain a strict biosecurity?.....

### High Five No. 4 – Pathogen Monitoring & Analytical Testing

- Does the supplier have Salmonella flock/environmental testing?.....
- Does the supplier have a Feed Monitoring Program in place?.....
- If yes, does the supplier conduct analysis of the product?.....
- Does the supplier conduct annual testing of all water sources used in their operations?.....
- Does the supplier conduct microbial testing of the finished product?.....
- If yes, is pathogen testing included?.....

### High Five No 5 – Regulatory Compliance

- Does the supplier have the required state business licenses in place?.....
- Is all product provided to Walmart clearly labeled with the Country of Origin?.....
- If the supplier is providing organic/Kosher product is an Organic/Kosher Certification available?.....
- Does the supplier comply with the Federal Egg Rule (September 8, 2009)?.....

### Notes/Corrective Actions

*Please contact the Food Safety Team if you have any questions 479-273-8054*

#### When completing the supplier high five checklist, keep the following points in mind:

##### Audits & Certifications

- (1) At a minimum suppliers should have a current food safety audit in place for ALL operations that they use to supply Walmart or Sam's Club; if they supply private brand product, they must be Global Food Safety Initiative (GFSI) certified

##### Microbiological & Analytical Testing

- (1) Suppliers are required to have annual water quality reports on file for all water sources used in their operations
- (2) Suppliers of products that have been associated with foodborne outbreaks (i.e. leafy greens, tomatoes, peppers, nuts, melons, herbs, mushrooms, green onions & sprouts) should have a pathogen monitoring program in place.

##### Recalls & Traceability

- (1) ALL suppliers are required to have a Recall & Traceability Program in place
- (2) The program should be tested AT LEAST annually
- (3) Suppliers should be able to account for all product sent to Walmart or Sam's Club and trace it back to raw material receiving and beyond

##### Regulatory Compliance

- (1) Walmart requires suppliers to register ALL packhouse and cold storage facilities that provide product to Walmart or Sam's Club
- (2) All produce must be labeled with the country of origin. This can be placed on the exterior carton or PLU stickers for bulk product or on the product label if one is present.
- (3) All suppliers of organic produce MUST be able to produce an organic certificate from a USDA approved audit firm

##### Hazard Analysis Critical Control Point (HACCP) Program

- (1) A HACCP program is required by the USDA

##### Good Manufacturing Practices (GMP's) : Always follow these basic GMPS's when visiting our supplier's facilities

- (1) Remove ALL jewelry (this includes watches, necklaces, earrings, etc.) and any items you may have in your shirt pocket (i.e. pens)
- (2) Do not chew gum, eat or drink when in processing areas
- (3) Dress appropriately (no open-toed shoes, skirts, ties, scarves)
- (4) When wearing your hairnet, ensure that it covers ALL of your hair
- (5) If you need to cough or sneeze when in the processing area, you should be sure to do so in your shoulder or in the crook of your arm
- (6) Always follow all food safety rules our suppliers inform you of

Checklist

Walmart "Best in Class" Fresh Shell Egg Program

D-0639-0017 of 0041



### III. Animal Welfare

#### Summary

Animal Welfare has been, and continues to be, an important concern for Walmart and its' consumers. In April of 2002, Walmart, in conjunction with FMI, exclusively adopted the United Egg Producers (UEP) Animal Care Certified (ACC) program for the production of eggs.

Between 2002 and 2008 Walmart required their suppliers to exclusively follow the UEP ACC program. In 2008 Walmart made the decision to allow other animal care programs in the production of eggs as well. Walmart currently allows UEP ACC or USDA Process Verified Program (PVP).

For the 2011 Bid, we will continue to support either UEP ACC, USDA PVP Animal Welfare programs, or equivalent as approved by Walmart, with the understanding that any alternative model must meet or exceed UEP ACC guidelines.

With that said, there is a lot of industry focus around alternative housing systems, such as Enriched Colony housing. At this time, the science to validate this or other alternate approaches is outdated or non-existent. So, while we do not endorse the Enriched Colony, or other approaches to animal welfare, we do encourage all shell egg suppliers to actively investigate and test alternatives that not only provide for better animal welfare, but also are more efficient production models than what is in use today.



## IV. Carton / Case / Pallet Specifications

### Summary

Egg packaging serves two purposes; protects eggs during transportation from the farms to the consumer and communicates essential information about the eggs.

How does it protect?

1. By shielding the eggs from mechanical damage
2. By cushioning eggs during handling, loading and transportation of eggs
3. By providing an armor of protection against exposure to temperatures that cause deterioration of quality and contamination

How does it communicate?

1. By using labels to communicate facts such as quality descriptions, size and weights
2. By containing information that informs the consumer of who produced the egg, the expiration date and how to store them properly

Walmart has requested that we construct packaging specifications that if followed, will allow them to supply a "best in class" egg program. The specs provided allow this opportunity by covering the following:

- Quality control program for carton and cases
- A detailed list of all materials utilized in egg packaging supplied to Walmart
- Required measurements of egg packaging materials
- The functionality of egg cartons
- A guarantee of packaging supplier capacity
- Commitments to environmental improvements
- Labeling requirements that meet or exceed the State and Federal levels



#### IV. Carton / Case / Pallet Specifications

Walmart maintains the highest standards of quality for all packaging items used in their stores. The following procedures and conditions have been established to ensure that all Walmart fresh shell eggs are made to specification. With a goal of providing the highest quality products to the consumer, all egg packaging suppliers are required to meet the following specifications in their written guideline:

1. Cartons
  1. Carton suppliers will develop and maintain a written quality control program that addresses all information in **Exhibit IV**. Each supplier will submit these programs to Walmart for their review and approval. The approved programs will be followed and enforced at all times. With notification, the supplier will allow representatives of Walmart to make plant inspections and review procedures.
    - a. Carton Quality Control programs must include criteria to cover the following:
      1. Carton dimensions with tolerances
      2. Carton weights with tolerances
      3. Printing procedures and quality expectations
      4. UPC Label Placement and Adhesiveness
      5. Label/Artwork Placement
      6. Lock tab measurements and closure ability
    - b. Materials
      - a. Foam – resin type, requirements, explanation of raw materials, quality of raw materials, recyclable materials and ink type/composition
      - b. Pulp – explanation of raw materials, ONP minimum value, recyclable/reclaimed materials and ink type/composition, sizing amounts and tolerances
      - c. PET – resin type, requirements, explanation of raw materials, quality of raw materials, recyclable materials and ink type/composition
  2. Bundle weights with tolerances
  3. Bundle dimensions with tolerances
  4. Tolerances and correction procedures for quality concerns which may include but are not limited to:
    - a. Grease spots, flashing, ink smearing, cold cracks, scorching, tearing etc...
2. Shipping Cases
  1. All shipping cases must meet the following criteria:
    - a. Cases must be stamped with and meet each suppliers 40 ECT criteria unless otherwise instructed
    - b. Must be "C" flute
    - c. Gap flaps must be no larger than 1/2" with a 1/8" tolerance
    - d. Must contain Walmart required art file - see **Exhibit V**
    - e. Must be SFI certified and labeled accordingly
    - f. Must contain moisture resistance adhesive
3. Functionality/Testing
 

Egg cartons and shipping cases must meet the needs of the product to be packed, meet the needs of the machinery used in production, withstand the stresses of transportation and meet the needs of the final consumer. To accomplish this, all cases and cartons will be required to pass a random annual quality standards test.

  1. Testing procedures – see **Exhibit VI**.



4. Supplier Capacity
  1. The source of capacity is each suppliers own production. Secondary sources cannot be utilized without prior approval.
5. Sustainability
  1. Efforts should be made to use Recyclable and Post Consumer materials whenever available.
  2. Efficiencies, innovation and modification for new products are encouraged.
  3. Strive for continual improvement of elements included in the Walmart Scorecard. The metrics of the scorecard include: Greenhouse Gas; Material Health and Safety; Product / Package Ratio; Cube Utilization; Transportation; Recycled Content; Recovery Value; Renewable Energy; and Innovation.
6. Pallets
  1. Walmart requires that all pallets shipped into Walmart DC's meet or exceed the Grocery Manufacturers Association (GMA) Grade "A" pallet standards. Fines or charge-backs may be enforced for pallets that fail or do not meet the below requirements.
    - a. Minimum pallet standards
      1. Width: 40" Length:48"
      2. Material: GMA Group 3 or 4, hardwood, clean saw
      3. Grade: Grade A, 4-way, flush and non-reversible
      - a. Sound material – free of knots
      - b. Minimum 7 top boards, Minimum 5 bottom boards, 3 stringers
      4. No missing or broken boards on top or bottom
      5. No double stringers, patched boards or metal repair plates
      6. All stingers are solid, not broken and/or having cracks which are not continuous and not visible from three sides are allowable
      7. Pallets are not required to be bleached white but should be clean and odor free. Clean pallets are free of debris and stains, but discoloration due to aging is acceptable
      8. No cracks on the top or bottom boards greater than 1/8" wide and 15" in length
      9. No exposed splinters greater than 3 inches in length
      10. No tapered breaks with a depth of greater than 1" along a 10" or more run. If at the 10" distance, the depth is less than inch, the pallet is good. The pallet is unacceptable if the 1" depth runs the entire length of board.
      11. Nail heads or nail points are not to exceed 1/8" exposure from the surface of the wood. Pallets will not be rejected because of exposed nails unless the top or bottom board surface between nail head and stinger has to be destroyed
      12. No partial footings. Partial footings occur when 1/4 of a stinger board width or length that connects it to a bottom board has been removed or when securing nail shanks are exposed in the stringer.
        - b. Alternative Pallet Materials
          1. Walmart supports the use of alternative pallet materials such as plastic, metal, etc.; however, all alternative materials must be approved by Warehouse Administration.
        - c. Approved Pallet Poolers
          1. Chep, IGPS and PECO



## V. Sustainability

### Summary

Sustainability is the capacity to endure. The need for practices and policies that support an environmental, economic, and socially sustainable world are necessary now more than ever before. The population growth and depletion of our natural resources are outpacing the Earth's ability to sustain it.

Walmart is asking its suppliers to answer 15 questions that are divided into four areas; energy and climate, natural resources, material efficiencies, and people and community.

First and foremost, all suppliers should meet and try to exceed the requirements of federal, state, and local laws and regulations concerning the environment, health, safety, wages, hours and human rights of employees. Establishing a corporate social responsibility policy and participating in Walmart's packaging scorecard are things that can be accomplished rather quickly, within one year would be reasonable. Measuring energy, water consumption, waste, and GHG emissions are elements that will require more time. It would not be unreasonable to measure the elements stated above, set reduction goals, and disclose to the Carbon Disclosure Project within 5 years.



## V. Sustainability

1. At all times meet or exceed the requirements of federal, state, and local laws and regulations concerning the environment, health, safety, wages, hours, and human rights of employees.
2. Establish a comprehensive Corporate Social Responsibility Policy (CSR) that covers the economic, social, and environmental aspects of sustainability as well as provides for provisions to measure, record and maintain actionable items in the policy.
3. Measure and record energy, Greenhouse Gas (GHG) emissions, water usage, and solid wastes through industry accepted methods. (LCA's, carbon footprint calculations, energy audits, etc.)
4. Publicly set reduction goals for energy, GHG emission, water consumption, and waste.
5. Participate in WMT's packaging scorecard
6. Disclose GHG emissions to the Carbon Disclosure Project (CDP).
7. Maintain ethical and sustainable purchasing guidelines for raw materials and equipment and explore applicable product certifications and/or standards.



## VI. Recall Policy

### Summary

Walmart Stores, Inc. is committed to using the "Best Practices" in developing a clear, concise level of communication with suppliers during a period of withdrawal or recall of product from the distribution chain.

Each supplier will provide Walmart with an outline detailing procedures with a flowchart of events and key contacts during an event.



## Product Removal Procedures

### Terminology

- **Recall:** A recall is a notice to all consumers that a product should be returned by them to a store for a refund or, in some cases, a repair, and is issued by, or in cooperation with, a regulatory agency (e.g. CPSC, NHTSA) for safety/health reasons and is communicated to the public by press release or other means such as phone calls, emails or mail.
  - Food/Pharmacy Class I: A probability exists that the product could cause serious health consequences or death.
  - Food/Pharmacy Class II: There is a remote possibility of adverse health consequences from the product or the resulting condition is temporary or medically reversible.
  - Food/Pharmacy Class III: The product will not or is not likely to cause adverse health consequences, but does not comply with a regulatory requirement.
- **Withdrawal:** Merchandise is removed from stores/clubs for quality, legal, safety, or compliance reasons, but consumers are not advised to return the product for a refund or repair.
  - Quality Issues: examples: poor color, incorrect UPC, packaging defect
  - Legal Issues: Allegation of patent infringement, pending lawsuit
  - Safety Issues: examples: sharp edges, choking hazard, lead exceeding CPSIA limits or as determined by the Compliance Team or supplier
  - Compliance Issues: examples: VOC limits, EPA labeling, not allowed to be sold in specific areas. Federal or State regulations prohibit the sale of an item.
- **Pull and Hold:** Merchandise is pulled from the sales floor and held at store level until disposition can be determined.
- **Return:** Change in modular, deleted merchandise, overstock adjustments, inventory control, seasonal changes, etc.
- **Hazardous Waste (HazWaste):** A product that contains a chemical that poses a risk to health or the environment and is going to be disposed of.

### Retail Link Product Removal Basic Information

- Product Removal form captures supplier contact, product, and disposition information
- Product Removal form is created and submitted by the supplier. Buyer or Recall Managers may create it if supplier cannot.
- Product Removal form must be completed every time product is removed from stores or clubs
  - Product Removal form does not have the ability to relate specific quantity returns from different stores/clubs.
- Recall/Withdrawal messages are drafted and sent to stores/clubs by the Recall Managers
- Store to Return Center returns are communicated to stores by the Return Center Accounting group.
- Buyers send Inventory Return instructions to store/clubs when shipping directly to supplier or when managed at store/club level.
- ➔ If the supplier chooses to destroy the merchandise, it must first be determined if the product would be considered a Hazardous Waste prior to submitting the Product Removal request.
  - Supplier may be required to submit a TCLP for full RCRA metals results to the Recall Manager.
  - TCLP (Toxicity Characteristic Leaching Procedure) is a test that determines if the product may meet the EPA's definition of toxicity. It measures how much of a potentially hazardous substance may leach into the soil or ground water if placed into a landfill.
  - 
  - The RCRA (Resource Conservation and Recovery Act) metals that must be tested for are: Arsenic, Barium, Cadmium, Chromium, Lead, Mercury, Selenium and Silver
  - Supplier will be required to submit UPCs for review to determine appropriate disposition
  - Complete the product removal for HazWaste products before creating the product removal for non-HazWaste products.



- Buyers must approve the Product Removal
  - Prior to the Return Center beginning their process.
  - Recalls and withdrawals may be processed prior to receiving the buyer's approval.
- Average time to get Product Removal through approval process is 1 – 3 days, depending on the type of return and availability of individuals to sign off.
  - Product Removals for returns should be submitted 2 weeks in advance to ensure return can start when required.
  - Stores/Clubs need 30 days to process merchandise through the Return Centers.
    - this is recommended timeframe to ensure execution at store level
  - Return Centers need an additional 30 days to receive/process merchandise against supplier
  - Stores/Clubs need at least 2 weeks to process merchandise to the supplier or to destroy the merchandise and to file the claim.

### Product Removal Form Process

1. To begin, select **Create New**
  - a. All lines with a Red asterisk must be completed prior to going to the next screen.
2. Product Removal Classification drop down box:
  - a. Not Available—form will default to this if no classification is selected
    - i. Do NOT select this option for recalls and withdrawals.
    - ii. This option must be used for Returns that are being sent directly to the supplier or destroyed at store/club level.
    - iii. The buyer is responsible for communicating the information to stores.
  - b. Withdrawal
  - c. Return—changing a modular, deleting merchandise, accepting overstock, inventory control, making a seasonal change, etc and the merchandise is being returned via the Return Centers.
    - i. The Return Center Accounting group will send the message to the stores.
  - d. Class I Recall
  - e. Class II Recall
  - f. Class III Recall
  - g. CPSC Recall
  - h. NHTSA Recall
3. Enter the UPC(s) and click on "Get My Items".
  - a. Enter the 13-digit UPC, using proceeding zeros. The check digit is not included.
    - i. Entering the UPC number ensures all Item Numbers associated with that UPC will be pulled by the system.
    - ii. The Return Centers go by Item Number, so it is important to capture all applicable Item Numbers in the Product Removal Form.
    - iii. Product description information is pulled from the Item File and appears in the "Product to Be Removed" Box. Remove any items not associated with the product removal.
4. Hazardous Waste (HazWaste) Product
  - a. Merchandise that is considered to be Hazardous Waste by the supplier will have limited disposition options.
  - b. The Product Removal form for HazWaste merchandise should be on unique product removal forms and must be completed first.
  - c. Select only stores or clubs where the merchandise is considered to be HazWaste.
  - d. The only dispositions available are "Supplier arranged HazWaste pickup" or "Wal-Mart arranged HazWaste pickup".



**5. Select product distribution: All Locations, Select Locations or All Locations Excluding**

- a. If the "Select Locations" option is chosen, a screen opens where the store numbers can be entered.
- b. If you select the All Locations Excluding option, you will enter the locations that need to be taken off the list.
  - i. Store numbers can be copied and pasted from an Excel spreadsheet into the form for your convenience.
  - ii. Store numbers must be comma delineated
- c. Enter all stores/clubs that are traited or have sold the merchandise. Entering stores/clubs with on hands will not give us an accurate store list.

**6. Return & Credit Instructions drop down box:**

Option	When to use...
Return Center	<ul style="list-style-type: none"> <li>• Only when all merchandise is going through the Return Center.</li> <li>• Stores/Clubs should have 30 days to send product to the RC.</li> <li>• The Return Centers require 30 days after the Store End Date to scan, palletize and consolidate the final product to ready for shipment.</li> <li>• The Return Center carriers require an additional 2 weeks for final delivery.</li> </ul>
Return to Supplier	<ul style="list-style-type: none"> <li>• Each store will return the merchandise directly to the Supplier.</li> <li>• Stores/Clubs should be given at least 2 weeks to ship merchandise and file their claim.</li> </ul>
Hold for Pick-Up	<ul style="list-style-type: none"> <li>• Used when the supplier will retrieve the merchandise.</li> </ul>
Destroy	<ul style="list-style-type: none"> <li>• Destroyed at Store/Club level.</li> <li>• Stores/Clubs should be given at least 2 weeks to destroy merchandise and file their claim.</li> <li>• Not applicable for merchandise that is considered potential Haz Waste without prior approval from WM Compliance</li> </ul>
Supplier Arranged HazWaste Pickup	<ul style="list-style-type: none"> <li>• Supplier will arrange for an authorized HazWaste hauler to retrieve the merchandise from each location.</li> <li>• Stores/Clubs should have 30 days to file their claim. This is contingent upon when the HazWaste hauler visits their location.</li> </ul>
Wal-Mart Arranged HazWaste Pickup	<ul style="list-style-type: none"> <li>• Wal-Mart will arrange for an authorized HazWaste hauler to retrieve the merchandise from each location.</li> <li>• Stores/Clubs should have 30 days to file their claim. This is contingent upon when the HazWaste hauler visits their location.</li> </ul>

- a. The appropriate form will open based on the option selected in the drop down box.
- b. Import items must be handled through the Return Center so stores receive credit for the merchandise, unless other arrangements have been agreed between supplier and buyer.

**7. Sales Restrictions**

- a. Product will not scan at cash registers
- b. Walmart Stores: the restriction applies to the UPC, NOT item number.
- c. Sam's Clubs: the restriction applies to the item number.
- d. System cannot recognize date codes, model numbers, colors, etc.
- e. Used for all Recalls and Withdrawals when entire UPC is being removed



#### 8. Submit

- a. Once you hit the Submit button, the information is emailed to the Recall Manager, Buyer, DMM, GMM, and Replenishment Manager.
- b. The information does NOT go directly to the stores/clubs.
  - i. The Recall Manager drafts the recall/withdrawal message and sends it to the stores/clubs.
  - ii. The buyer sends the return message when merchandise is sent directly to the supplier or destroyed.
  - iii. The Return Center sends a message to Walmart Stores for all product removals being shipped via their facilities.
    - 1. The Return Center Admin group also updates the systems used by the Claims Associates to process the product removal.

#### Additional Actions Needed From Buyers and Suppliers

- Contact the Recall Manager PRIOR to the announcement of a regulatory recall (i.e. CPSC, NHTSA, Class I Food/Pharmacy) or if the supplier is communicating with a government agency about the possibility of a recall
- Use the Product Removal Form to remove products from stores/clubs.
- Buyers should approve any pending product removals after reviewing and confirming the information. Monitor the pending and on hold product removals frequently.
  - Recalls and withdrawals may be processed prior to receiving the buyer's approval.
- Understand that product withdrawals for safety related reasons will be reported to the CPSC by the Walmart Product Safety Team. The supplier contact will be copied when the notification is sent.
- Place omit traits to help prevent merchandise from going back into stores/clubs.
- Cancel lines on PO's that have shipped and cancel POs that have not shipped.
- Communicate with modular planners, replenishment, etc to stop reorders or placement on modulars.
- When a product or product package is altered due to any of the following reasons, a new UPC number MUST be assigned to the altered product. Refer to the UPC Toolbox issued in August 2010 for additional information.
  - Regulatory Changes
  - Product Safety – recall or withdrawal of your product or a competitor's product for a safety reason (i.e. a competitor announces a voluntary recall based on a feature that may pose risk and your product has the same feature so you change your product to be proactive);
  - Formulation Change – change of color, formulation, or core composition of a product that would potentially alter any regulated portion of the product;
  - Packaging – change in product size or package statement of size affecting how product would be regulated (i.e. adding 20% more product to the container of a product that has regulated size limit in some areas);
  - Design Changes – changes made due to patent or trademark infringement or alleged infringement;

#### Product Removal Contacts

- On Call Food/Pharmacy Recall Coordinator
  - Office 479-644-9606
  - Email: [Foodreca7@email.wal-mart.com](mailto:Foodreca7@email.wal-mart.com)
- Melodia Lammey, General Merchandise Recall Coordinator
  - Office 479-204-8815, cell 479-721-3743
- Return Center Returns Hotline
  - 479-277-2969



**Exhibit I**  
**FOOD SAFETY REQUIREMENTS**

In order to be considered as a potential supplier for Walmart or Sam's Club, the following expectations and criteria must be met. The requirements must be provided to the Walmart Home Office Food Safety & Health department for approval prior to being given an approved supplier agreement. Failure to comply with the requirements listed below will make your company ineligible to supply to Walmart or Sam's Club. Please read the supplier definitions below to determine how your company will be categorized.

**Private Brand Supplier** – A supplier that manufactures a product at their own facility that is sold as a Walmart or Sam's Club branded item, that carries a "Distributed by Walmart" or "Distributed by Sam's Club" legend on the label, or is sold at the Sam's Deli.

**Non-Private Brand Supplier** – A supplier that manufactures a product of their own brand at their own facility. This includes suppliers that deliver products locally or regionally. These products will **NOT** be sold as a Walmart or Sam's Club branded item.

**Distributors** – A supplier that sells products made by other companies to retail facilities. They do not manufacture products but may warehouse or repack them.

**Suppliers who use Co-packers** – A supplier whose product is manufactured by another facility. They do not manufacture the products at their facility but may warehouse or repack them.

Although there are some requirements which apply to all suppliers regardless of type, each categorization listed above has type specific requirements which must also be met. The general requirements in addition to the type specific requirements are listed below. Please note that Local, State, FDA and USDA inspections will not be accepted in the place of a food safety assessment. It is strongly suggested that all companies take the time to review the requirements and prepare for the food safety assessments.

## **Food Safety Requirements – by supplier type**

### ***Private Brand Supplier Requirements***

#### ***Food Safety Assessment***

Walmart has aligned with GFSI (Global Food Safety Initiative) and requires all private brand suppliers, regardless of the inherent food safety risks associated with their products, to obtain full GFSI certification. For more information on GFSI and a complete list of recognized schemes, please visit [www.mygfsi.com](http://www.mygfsi.com).

#### ***iCiX (International Compliance Information Exchange)***

iCiX is a tool used by many groups within Walmart for facility, product, incident and recall management. It is also used for product admissibility, classification details, and is a way to share documents between suppliers and retailers. All private brand suppliers are required to register their corporate site along with every facility which manufactures product sold at Walmart or Sam's Club with iCiX. To register, please visit [www.icix.com](http://www.icix.com) or call (877) 888-4249 for assistance.



Suppliers are expected to submit all of the required documentation for their products and operations through this internet-based program. Documentation submitted through channels other than iCiX will not be accepted. Additional instructions on required document uploads will be provided upon registration completion. If your company is already registered with iCiX, please be sure to verify that all facilities making product for Walmart and/or Sam's Club are registered and that you have granted viewing rights to "Walmart – Global Food."

## ***Non-Private Brand Supplier Requirements***

### ***Food Safety Assessment***

- **GFSI** - Walmart has aligned with GFSI (Global Food Safety Initiative) and requires all suppliers of high-risk products to obtain full GFSI certification annually. High-risk food suppliers include bottled water, dairy, deli, meat, seafood, frozen products containing the previously listed items as well as products produced for infants or immune-compromised adults. For more information on GFSI and a complete list of recognized schemes, please visit [www.mygfsi.com](http://www.mygfsi.com).
- **Approved Third-Party Audit** - Suppliers of low-risk products are required to supply an annual third-party food safety audit with corrective actions. Low-risk food suppliers include shelf-stable grocery and bakery items. Please review the third-party food safety audit requirements to ensure your current audit company is approved to conduct audits for the products you produce. If you have never had a third-party food safety audit, please review the Third-party food safety audit requirements for a list of approved audit companies that can conduct an audit at your facility.

For further clarification of audit requirements and to confirm that your product is high- or low-risk, please contact the Walmart Food Safety & Health department at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com).

### ***iCiX (International Compliance Information Exchange)***

iCiX is a tool used by many groups within Walmart for facility, product, incident and recall management. It is also used for product admissibility, classification details, and is a way to share documents between suppliers and retailers. All non-private brand suppliers are required to register their corporate site along with every facility which manufactures product sold at Walmart or Sam's Club with iCiX. To register, please visit [www.icix.com](http://www.icix.com) or call (877) 888-4249 for assistance.

Suppliers are expected to submit all of the required documentation for their products and operations through this internet-based program. Documentation submitted through channels other than iCiX will not be accepted. Additional instructions on required document uploads will be provided upon registration completion. If your company is already registered with iCiX, please be sure to verify that all facilities making product for Walmart and/or Sam's Club are registered and that you have granted viewing rights to "Walmart – Global Food."



## **Distributors**

### **Food Safety Assessment**

Walmart requires that all facilities which manufacture product sold in our stores or clubs obtain a food safety assessment annually. As a distributor, you must disclose all manufacturing facilities that you source products from. Large distributors will disclose this information during iCiX registration (see section on iCiX below). The facilities must meet the requirements outlined above for their specific facility type. Walmart will not accept any product from a facility that does not meet the specified requirements. In addition, suppliers that warehouse product at their own facility or use a third party warehouse will also need to obtain a Distribution Center and Transportation Audit for each warehouse.

**Distributors who Warehouse High-Risk Food Items** Distributors who warehouse high-risk products must obtain a Storage & Distribution Audit from one of the GFSI scheme holders. High-risk food items include bottled water, dairy, deli, meat, seafood, frozen products containing the previously listed items as well as products produced for infants or immune-compromised adults. For a list of accepted audits, please contact Walmart Corporate Food Safety at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com). **\*\*Please note that if you repack items, you must complete the audit requirements for Non-Private Brand Suppliers\*\***

**Distributors who Warehouse Low-Risk Food Items** Distributors who warehouse low-risk products must obtain a Distribution Audit from an approved audit company. Low-risk food items include shelf-stable grocery and bakery items. For a list of accepted audits, please contact Walmart Corporate Food Safety at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com). **\*\*Please note that if you repack items, you must complete the audit requirements for Non-Private Brand Suppliers\*\***

For further clarification of distributor audit requirements and to confirm that your items are high- or low-risk, please contact the Walmart Food Safety & Health department at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com).

### **iCiX (International Compliance Information Exchange)**

iCiX is a tool used by many groups within Walmart for facility, product, ingredient and recall management. It is also used for product admissibility, classification details, and is a way to share documents between suppliers and retailers. All Distributors as well as all facilities they source product from are required to register every facility which manufactures product sold at Walmart or Sam's Club with iCiX. To register, please visit [www.icix.com](http://www.icix.com) or call (877) 888-4249 for assistance.

Distributors are expected to submit all of the required documents for their facility through this internet-based program. Documentation submitted through channels other than iCiX will not be accepted. Additional instructions on required document uploads will be provided upon registration completion. If your company or a company you source product from is already registered with iCiX, please be sure to verify that all your warehouses and the company's facilities that you source product from for Walmart and/or Sam's Club are registered and that you have granted viewing rights to "Walmart – Global Food."



## ***Suppliers that use Co-packers***

### ***Food Safety Assessment***

Walmart requires that all facilities which manufacture product sold in our stores or clubs obtain a food safety assessment annually. As a supplier that utilizes a co-packer, you must disclose all manufacturing facilities that make your products. Non-private brand suppliers using a co-packer will disclose this information during iCiX registration (please see details on iCiX below). You must also submit a passing food safety assessment for each facility you utilize. The facilities must meet the requirements outlined above for their specific facility type. Walmart will not accept any product from a facility that does not meet the specified requirements. In addition, suppliers that warehouse the co-packed product at their own facility or use a third party warehouse will also need to obtain a Distribution Center and Transportation Audit for each warehouse.

**Suppliers who Warehouse High-Risk, Co-Packed Food Items** Suppliers who warehouse high-risk products must obtain a Storage & Distribution Audit from one of the GFSI scheme holders. High-risk co-packed food items include bottled water, dairy, deli, meat, seafood, frozen products containing the previously listed items as well as products produced for infants or immune-compromised adults. For a list of accepted audits, please contact Walmart Corporate Food Safety at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com). **\*\*Please note that if you repack items, you must complete the audit requirements for Non-Private Brand Suppliers\*\***

**Suppliers who Warehouse Low-Risk, Co-Packed Food Items** Suppliers who warehouse low-risk products must obtain a Distribution Audit from an approved audit company. Low-risk food items include shelf-stable grocery and bakery items. For a list of accepted audits, please contact Walmart Corporate Food Safety at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com). **\*\*Please note that if you repack items, you must complete the audit requirements for Non-Private Brand Suppliers\*\***

For further clarification of audit requirements for suppliers that use co-packers and to confirm that your items are high- or low-risk, please contact the Walmart Food Safety & Health department at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com).

### ***iCiX (International Compliance Information Exchange)***

iCiX is a tool used by many groups within Walmart for facility, product, ingredient and recall management. It is also used for product admissibility, classification details, and is a way to share documents between suppliers and retailers. Suppliers that use co-packers are required to register with iCiX. To register, please visit [www.icix.com](http://www.icix.com) or call (877) 888-4249 for assistance.

These suppliers are expected to submit all of the required documents of their company through this internet-based program. Documentation submitted through channels other than iCiX will not be accepted. Additional instructions on required document uploads will be provided upon registration completion. If your company or your co-packer is already registered with iCiX, please be sure to verify that your company, all your warehouses (if applicable), and your co-packer(s) that produces product for Walmart and/or Sam's Club are registered and that you have granted viewing rights to "Walmart – Global Food."



## Food Safety Requirements – all supplier types

All suppliers, regardless of your supplier categorization (Private Brand, non-Private Brand, Distributor or Suppliers that use Co-packers), must meet the following :

### ***FDA Bioterrorism Registration***

Suppliers will need to ensure that all facilities that provide product to Walmart and/or Sam's Club have registered with the FDA and have a current FDA bioterrorism registration number. Each facility that is approved and issued a vendor number is required to have an individual FDA registration. This does not apply to USDA-inspected facilities. To ensure Compliance, suppliers will provide this information in their Member Profile in iCiX.

### ***Product Registration***

Certain states have product registration requirements above and beyond Federal registration requirements. It is the supplier's responsibility to be familiar with the laws and regulations in every state in which their products will be sold. Suppliers will be asked to upload proof of registration into the iCiX system. Unless otherwise directed, suppliers are responsible for completing and submitting all registration forms and paying all registration fees on or before the annual deadline.

### ***Import Requirements***

Suppliers importing products will be required to comply with additional food product and inspection requirements in order to ensure products comply with all regulatory requirements for the retail markets in which the products will be sold. For additional information on requirements for import suppliers, please contact the Walmart Food Safety & Health department at [supaudit@wal-mart.com](mailto:supaudit@wal-mart.com).



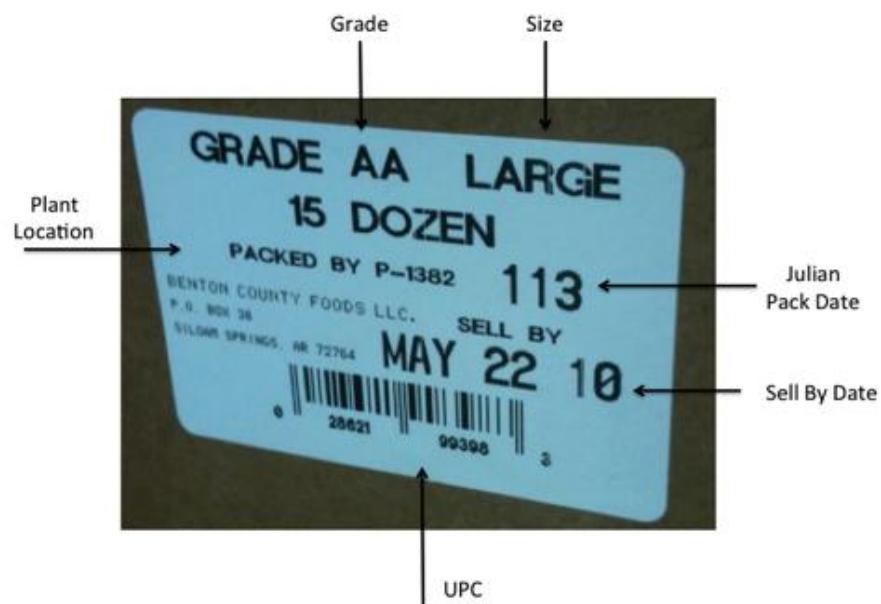
**EXHIBIT II**  
**CARTON SPECIFICATIONS**

<i>Egg Carton Specifications</i>								
Brand	Type	Carton Dimensions	Carton Weight (grams)	Carton Weight tolerance (grams)	Cartons per Bundle	Bundle Weight (lbs)	Bundle Weight tolerance (lbs)	Bundle Cube
<i>Pacifi</i>	2 x 6 Mastervue	11.63 x 3.93 x 2.66	47	5	250	25.9	2.8	12 x 19 x 34
	2x6 Mastertop	11.94 x 3.97 x 2.66	43	5	250	23.7	2.8	12 x 19 x 35
	3 x 6	11.63 x 5.88 x 2.70	61.8	5	230	31.3	2.5	12 x 26 x 34
	Master Jumbo	11.87 x 4.22 x 2.91	56	5	200	24.7	2.2	13 x 20 x 35
	Twin 6 Masterduo	11.63 x 3.93 x 2.66	47	5	250	25.9	2.8	12 x 19 x 34
	Edge	11.625 x 4.062 x 2.625	33	3	170	12.4	1.1	na
<i>Dole</i>	2 x 6 ProTek	11.625 x 4 x 2.75	15.7	2	250	8.7	1.1	35.75 x 47.25 x 35.25
	3 x 6 ProTek	11.687 x 6 x 2.75	25.3	2	200	11.2	0.9	37.75 x 47.25 x 35.25
	Jumbo ProTek	11.875 x 4.25 x 3	18.5	2	200	8.2	0.9	36.5 x 47.25 x 35.25
	Split - 6 ProTek	11.75 x 4 x 2.75	15.8	2	250	8.7	1.1	35.75 x 47.25 x 35.25
	8 Egg ProTek	7.81 x 4 x 2.75	11.3	2	200	5.0	0.9	na
	24 Egg ProTek	11.625 x 7.937 x 2.75	32.1	3	125	8.8	0.8	na
	36 Egg ProTek	11.73 x 11.625 x 2.75	54	3	na	na	na	50 x 39.75 x 35.5
<i>Ematec</i>	2 x 6	11.692 x 4 x 2.75	55	5	210	25.5	2.3	33.5 x 11.69 x 8.11
	3 x 6	11.692 x 6.06 x 2.75	74	5	200	32.6	2.2	33.5 x 11.69 x 12.05
	Jumbo	12.09 x 4.27 x 3	65	5	200	28.7	2.2	32.3 x 12.09 x 8.55
<i>Zellwin</i>	2 x 6	11.63 x 3.93 x 2.66	55	5	140	17.0	1.5	
	3 x 6	11.63 x 5.88 x 2.70	66	5	156	22.7	1.7	
<i>Hartmann</i>	2 x 6 Hartvue	11.75 x 4 x 2.75	55	5	125	15.2	1.4	41 x 9.5 x 11.5
	2 x 6 Harttop	11.75 x 4 x 2.75	55	5	125	15.2	1.4	42 x 9.5 x 11.5
	3 x 6	11.75 x 6 x 2.87	80	5	100	17.6	1.1	39 x 12.5 x 11
	Jumbo	11.875 x 4.5 x 3	61	5	125	16.8	1.4	41 x 10.5 x 12
	Twin 6	11.75 x 4 x 2.75	55	5	125	15.2	1.4	39 x 9.5 x 11.5
<i>Interplast</i>	2 x 6 UTF	11.56 x 4 x 2.9	42	3	100	9.3	0.7	12 x 11.75 x 26.5
	2 x 6 BiFold	11.81 x 4 x 2.7	36	3	100	7.9	0.7	13 x 11.75 x 26.5
	2 x 3 UTF	11.93 x 4 x 2.7	45	3	200	19.8	1.3	14 x 11.75 x 26.5
	3 x 6	11.84 x 6 x 2.71	57	3	100	12.6	0.7	15 x 11.75 x 26.5
	2 x 4	7.875 x 4 x 2.7	na	3	100	#VALUE!	0.7	16 x 11.75 x 26.5
	24 ct BiFold	11.9 x 8.1 x 2.6	41	na	50	4.5	#VALUE!	17 x 11.75 x 26.5
<i>UFR</i>	2x6 EggSight	11.75 x 4 x 2.7	53	4	150	17.5	1.3	48 x 9.5 x 11.8
	2 x 6 Meister Top	11.75 x 4 x 2.8	57	4	150	18.8	1.3	48 x 9.5 x 11.8
	3 x 6 EggSight	11.75 x 5.9 x 2.7	78	6	150	25.8	2.0	48 x 13 x 11.8
	Eco Jumbo	11.75 x 4 x 2.7	53	4	150	17.5	1.3	48 x 9.5 x 11.8
	Jumbo 2 x 6	11.9 x 4.4 x 2.9	62	5	135	18.5	1.5	48 x 10.2 x 12
	Double Six	11.9 x 4 x 2.7	56	4	140	17.3	1.2	48 x 12 x 3.17



**EXHIBIT III**  
**CASE SPECIFICATIONS**

<b>Case Specifications</b>						
<b>Case Dimensions (Avg Case)</b>	<b>Case Weight (ECT)</b>	<b>Min % Recycled Material</b>	<b>Max flaps gaps</b>	<b>Flap gap tolerances</b>	<b>Case adhesive</b>	<b>Flute required</b>
<b>11.75 x 11.75 x 13.1875</b>	<b>40</b>	<b>50</b>	<b>3/8"</b>	<b>1/16"</b>	<b>Moisture Resistant</b>	<b>C</b>
<b>12 x 12 x 13.75 Auto Packer</b>	<b>40</b>	<b>50</b>	<b>3/8'</b>	<b>1/16"</b>	<b>Moisture Resistant</b>	<b>C</b>



**34 | Walmart "Best in Class" Fresh Shell Egg Program**

**D-0639-0035 of 0041**



**EXHIBIT IV**  
**QUALITY CONTROL PROGRAM**

**Carton Supplier Quality Control Program Information**

1. Company Name.
2. Locations and Address Information.
3. Primary Contact.
4. Company/Products Description.
5. Provide data which reflects capacity and availability at each location.
6. Provide a die line for each carton with measurements (include measurements for lock tabs, hinges, cell design, posts, holes, flaps, etc.).
7. Provide a spreadsheet that details the carton type, dimensions and tolerances, weights (in grams) and tolerances, bundle counts, bundle weights with tolerances, and bundle dimensions and tolerances.
8. Please list your printing procedures with detailed quality expectations.
9. Provide your UPC label application procedure.
10. Provide your QC measures for UPC targeting/placement.
11. Provide your QC measures for UPC adhesiveness.
12. Please list your procedures for artwork and label placement.



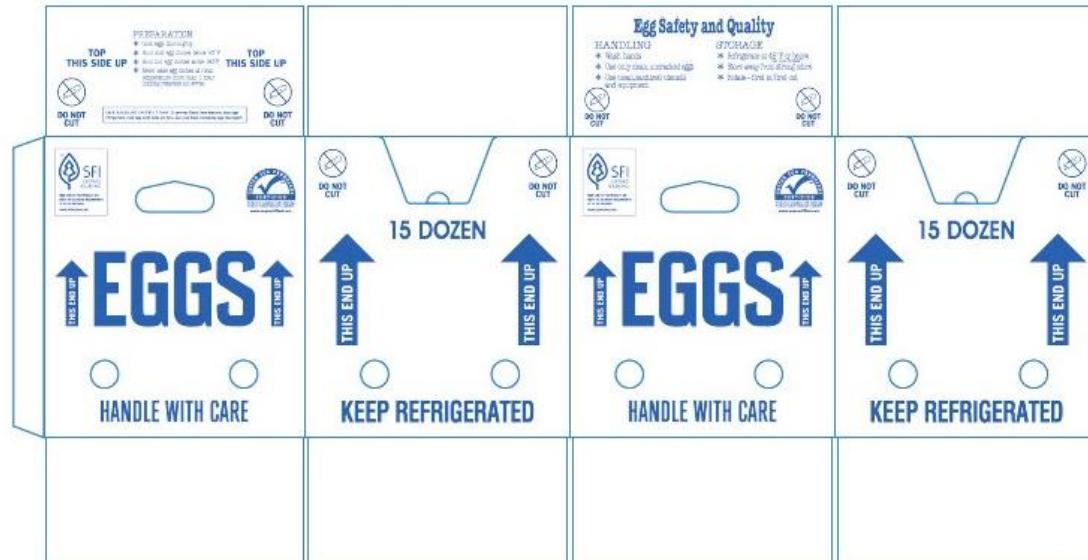
**EXHIBIT IV**  
**QUALITY CONTROL PROGRAM**

13. Please detail your QC measures for artwork and label placement.
14. Detail your materials used to produce your carton. Include the makeup of the raw materials, origin, and quality value of each.
15. Describe the use of recycled/reclaimed material in your products and availability.
16. Provide details of the ink used in printing your products and include any regulations. Is the ink sustainable? Why or why not?
17. Provide a detailed list of quality/functionality or cosmetic issues that may occur with your product. Then, provide a list of processes that addresses each concern, and provide an estimated timeline for correction.



EXHIBIT V  
SHIPPING CASE LABEL ART FILE

CARTON I.D. SIZE: 11-3/4 x 11-3/4 x 13-3/16



SAFE HANDLING INSTRUCTIONS: To prevent illness from bacteria, keep eggs refrigerated, cook eggs until yolks are firm and cook foods containing eggs thoroughly.



**PREPARATION**  
 \* Cook eggs thoroughly  
 \* Hold cold egg dishes below 43°F  
 \* Hold hot egg dishes above 140°F  
 \* Never leave egg dishes at room temperature more than 1 hour  
 (including preparation and service)

**HANDLING**

- \* Wash hands
- \* Use only clean, uncracked eggs
- \* Use clean, sanitized utensils and equipment

**Egg Safety and Quality****STORAGE**

- \* Refrigerate at 43°F or below
- \* Store away from strong odors
- \* Rotate—first in/first out

SFI  
CERTIFIED  
SOURCINGPRINTED IN THIS PRODUCT LINE  
MEETS THE FOLLOWING REQUIREMENTS  
LEAF-14-SI-WHOLEM  
WWW.SFICERTAING.COM



**EXHIBIT VI**  
**TESTING PROCEDURES**

The test samples shall comprise normal egg cartons containing actual, pre-verified (checked for integrity by an approved party) product packaged inside a unitizing shipper (case). The product shall be oriented inside the packaging exactly as it will be shipped, and all closure methodology shall be analogous to the methods currently in use.

The following transportation simulation tests shall be performed yearly as a quality control measure to determine the effectiveness of the packaging materials to prevent product damage.

TEST	SPECIFICATION	LEVELS
Random Vibration	ASTM D4169 <i>Truck – Assurance Level II</i>	Vertical, 120 min Long side, 120 min
Incline Impact	ASTM D880	Long side, 1.7 m/s Short side, 1.7 m/s
Top Surface Compression	ASTM D4577 <i>Constant Static Load</i>	Simulated 3m stack Minimum 24 hours

More information on the specific methodologies can be seen in the next section of this report.



**EXHIBIT VI**  
**TESTING PROCEDURES**

**TEST METHODOLOGY**

Cartons and shippers shall be filled and sealed, as for shipment, and conditioned to approximately 40° F (uncontrolled humidity) prior to testing to prevent spoilage. Cases for the stacking strength (compression) test shall be conditioned to ambient laboratory conditions.

*Random Vibration*  
ASTM D4169  
Truck – Assurance Level II



**Description:**

The egg shipper shall be filled and sealed, as for transport, and place vertically (bottom down) on the vibration platform and subjected to the random vibration profile defined below for a time of **120 minutes**.

Freq. (Hz)	PSD (g <sup>2</sup> /Hz)
1	0.00005
4	0.01
16	0.01
40	0.001
80	0.001
200	0.00001

**Grms 0.52**

*Incline Impact*  
ASTM D880



**Description:**

The test samples shall be positioned on an incline impact tester and one (egg carton) long side shall be impacted, followed immediately by a short side. The impact velocity should be minimum 1.7 m/s (+ 0.2 m/s, velocity should not fall below).



EXHIBIT VI  
TESTING PROCEDURES

Random Vibration (2)

ASTM D4169

Truck – Assurance Level II

**Description:**

The egg shippers shall be filled and sealed, as for transport, and placed on a long side on the vibration platform and subjected to random vibration for a period of **120 minutes**.

Stacking Strength

ASTM D4577

Static Load



**Description:**

Each empty, sealed fiberboard carton evaluated shall be subjected to a static force applied to the top surface of the case. The force shall be equal to a three meter (118 inches) high stack of similar packaged, and shall be maintained without failure for a period of 24 hours.

An example calculation is as follows;

$$\text{Load} = [(118 / \text{Ht}) - 1] * \text{Wt}$$

*Ht = Overall package height, in inches*

*Wt = Gross package weight, in pounds force*

$$\text{Load} = [(3 / \text{Ht}) - 1] * \text{Wt}$$

*Ht = Overall package height, in meters*

*Wt = Gross package weight, in kilograms*

**PASS / FAIL DETERMINATION**

Prior to beginning each test sequence, percentages shall be developed as a baseline requirement for pass/fail determination. For example, a failure rate (egg breakage) of 5% may be established to be acceptable for the vibration tests. Following the test, the eggs should be inspected for breakage, and the rate of breakage should remain below 5% each year. Any deviation from the acceptable rate of failure would be cause for inspection, as the test methodology would remain the same from year to year, implying that the packaging had, in some fashion, been modified to decrease its effectiveness.



SENT BY: KROGER CORP AFFAIRS 12-5-0 13:07 CORPORATE AFFAIRS 202 220 0874;# 1/2

TO: Karen Brown  
Ertharin Cousin  
Jonathan MayesFMI  
Meeting Notes  
November 29, 2000  
PETAAttending: Karen Brown, Vice President, Public Affairs, FMI  
Ertharin Cousin, Vice President, Corporate Affairs, Albertson's  
Jonathan Mayes, Vice President, Government Relations, Safeway

Safeway, Albertson's and I met with Karen Brown about PETA.

Our hope is that no individual company will deal with PETA, but instead we will all work with FMI to develop an industry position that we can all adopt. Our vision of what we want is the following:

- industry standards that cover humane treatment of chickens, cows, pigs that are processed for meat and eggs;
- endorsement of the standards by recognized, credible animal welfare organizations;
- execution of a media plan that promotes the industry action;
- consumer materials that address the issues and provide assurances for customers.

The benefits of this approach are many and include the following:

- we may be able to avoid any company being singled out by activist groups (which is a key learning from McDonalds and advice from P&G);
- individual companies don't have to duplicate efforts (i.e., interviewing McDonalds, contacting suppliers, developing supplier standards, etc.).
- individual companies are not leveraged by the actions of one.

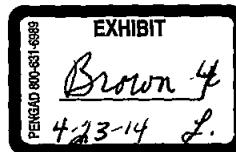
All these steps must be done quickly. Our goal is to have industry standards ready by mid-February.

Our approach will not be discussed with PETA or the media. Our goal is to have a united front that catches PETA off-guard and will have credibility with consumers. McDonalds regrets having engaged PETA in dialogue and adopted their supplier standards independently of PETA. (McDonalds has not talked to PETA for two years, notwithstanding what PETA claims).

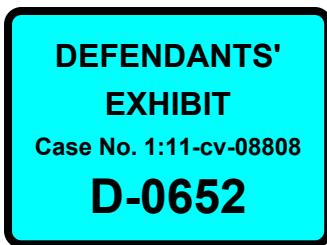
H:\FMI\1129Note.lwp

- 1 -

CONFIDENTIAL



FMI-001209



D-0652-0001 of 0002

Based on our meeting, FMI will do the following:

1. Research current industry standards and standards the industry is proposing to implement;
2. Research the so-called "McDonalds' standards".
3. Research organizations (such as American Humane Assoc.) and university experts that FMI can partner with and who might "endorse" a set of standards that the major companies have developed and support.
4. Hold a joint conference call with McDonalds to understand their experience.
5. Once we have a shared information base, set up a conference call or meeting with the producer trade associations and their leading members. The purpose of the meeting would be to do the following:
  - a. Let the producer industry know that retailers take PETA's issues seriously.
  - b. Tell them our approach will be a voluntary industry approach.
  - c. Educate them about our vulnerability, including documented acts of terrorism by Animal Liberation Front and vandalism of PETA. Retail cannot become the target of activists because of the acts of suppliers.
  - d. Review with the industry representatives PETA's "demands", the standards of the industry and the so-called McDonalds' standards and identify points of commonality, practices the industry is changing, and opportunities for change that the industry is not taking (and understand reasons why).
6. Research the consumers' point-of-view and reaction to PETA's claims. Use the research to develop consumer materials and the industry's media plan, key messages, etc.



Animal Welfare Conference Call  
Wednesday, June 6, 2001

Conference call participants

For FMI:

Karen Brown  
Nancy Yanish  
Jill Hollingsworth, DVM

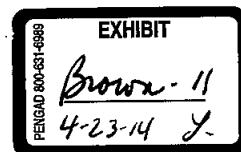
Expert Review Panel:

Adele Douglass, American Humane Association  
Gail Golab, DVM, American Veterinary Medical Association  
Temple Grandin, PhD, Colorado State University  
Joe Mac Regenstein, PhD, Cornell University

After introductions, Karen reviewed the role of the expert review panel and FMI's intent to develop a set of retailer's expectations for animal welfare and humane handling. Gayle announced that AVMA has agreed to fully support our initiative and will provide veterinary experts to assist FMI.

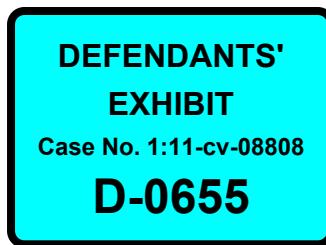
Summary of General Comments

- Guidelines are a good start, but real progress has only been seen since the initiation of audits and reviews by the retailers (specifically by some of the quick-service restaurant chains).
- FMI needs to define the level of detail we want in our policy and programs. What role does FMI want in defining minimum standards? Does FMI want to have a role in auditing? How much?
- To be effective, a standard must also have a means for measuring compliance. Does FMI want to develop an audit checklist? Can compliance be included in the buyer specifications?
- The only effective welfare and handling standards are those that have a quantitative scoring system and monitoring. Guidelines are ineffective if they use terms like "do adequately" or "provide sufficient space."
- Jill provided a brief explanation of current retail audit practices (retail audit, self-audit, and third party audit)
- Temple estimates that about 10% of the cattle industry does not comply with the standards. Those that are audited do a much better job.
- Should strive for "Acceptable Minimal Standard." Current rating system for producers: excellent, acceptable level, not acceptable, and failure.
- Compliance with acceptable standards is greatly dependent on equipment.
- If FMI establishes standards or guidelines, we should have a brief justification for every recommendation. These should not be based on consumer perceptions or attitudes – basis for expectations should be animal issues, not people issues. But, they should also not be based solely on economics. Keeping animals alive and well should be the economic incentive, which also improves quality and productivity.



CONFIDENTIAL

FMI-000680



**D-0655-0001 of 0004**

- Gayle indicated that because AVMA has just recently announced its participation on the expert panel, she would like additional time to get feedback from veterinary experts in this area.
- Cannot count on government for animal welfare. FSIS has minimal impact and APHIS has no authority on-farm. Animal welfare is better controlled by the supplier-buyer relationship.

Following this discussion, FMI asked the expert panel to comment on the current guidelines provided by each specific commodity group.

### CATTLE

The expert panel divided the cattle issues into 2 distinct categories: slaughter procedures and on-farm practices. Also, some difference between beef and dairy cattle were pointed out.

Summary of cattle issues:

- The guidelines written for cattle slaughter by Temple in 1991, revised 1997 are still the best. These are the AMI guidelines.
- Downer animals (fallen stock) is a bigger issue for dairy cattle and must be addressed on-farm, during transport and at slaughter plant.
- Guidelines are only good if they are accompanied by an audit and enforcement program.
- On-farm issues are of greater concern – no guideline was provided by the cattlemen (NCBA) and the expert panel felt that the cattlemen were slow in adopting standards or guidelines.
- On-farm gaps include:
  - Handling of downers – should not be moved off farm (Jill raised concern about testing for diseases such as BSE if animals are destroyed on-farm)
  - Conditions, such as cancer eye, left untreated.
  - Guidelines for castrating and dehorning should be based on age and weight (Example given was the FAST (?) guidelines)
  - Eliminate face branding; guidelines for all branding
  - Mud and temperature issues in feedlots: mud should be 3" or less; need shade or sprinkler system for heat control and stress reduction
- AVMA differentiates between "types" of downers based on degree of distress. The meat industry (IBP) has also developed a system for identifying different conditions leading to downer animals.
- Downers should not be taken off transport trucks – should be examined and shot on the truck.
- Other guidelines/gaps:
  - Handling and transport on farm and at feedlot
  - 5% or less use of electric prod

### CHICKENS: EGG-LAYERS

- Three gaps: space; forced molting; and disposal
- Cage size of egg layers is big issue.

- Recommendation is for minimum 72 square inches floor space. UEP said it would meet this standard (67-72 sq. in.) in 10 years – not acceptable to expert panel.
- In addition to 72 sq. in. floor space, also need to specify cage height requirements.
- Forced molting – should not be done by removing food.. Consider not doing forced molting at all – leads to osteoporosis. After forced molt, chickens lay fewer eggs but they are bigger.
- Gayle said that nutritionists are working on new diets to address this concern.
- Disposal of spent hens and male chicks – not always humanely killed before disposed. AMVA has guidelines for euthanasia (including chicks)

#### CHICKENS: BROILERS

- Stunning is generally good, but need to have scoring system for compliance. Also, need to score how many carcasses were not killed before scalding (number of cadaver “red” birds.)
- Human handling by catching crews (on-farm) and hangers (at slaughter plant) is best achieved by incentives for the workers. Incentive pay for birds without broken wings or legs.
- On-farm (in chicken houses):
  - Leg problems: can be corrected by genetics and diet. Can score compliance by assessing mobility of birds in the house.
  - Ventilation - ammonia levels should be less than 25 ppm
  - Wet bedding – causes sores and lesions on birds. Need dry, clean flooring.
  - Life support back-up systems – needed when power outages occur.
- In hatchery:
  - Cull baby chicks – need humane method of disposal (euthanasia). Can use CO2 chamber.
  - Equipment for separating chicks from shells – need safeguard to ensure chicks do not get crushed with the shells.

#### SWINE

- Pork industry has the most detailed guidelines, but they condone the use of gestation sow stalls that do not allow the pigs to turn around. (Gestation is the time when the pig is pregnant – in other words, most of its life.)
- Sows should be able to turn around in their stalls.
- Farrowing stalls (where pigs deliver and raise piglets) allow pigs to lay down but could be designed better. See design by David Frasier.
- Group housing is better but requires more space and more management. Economic impact.
- Slatted floors are not a big problem

#### TURKEYS

- Issues are the same as for broilers.
  - Stunning
  - Ventilation (ammonia 25 ppm)
  - Wet bedding
  - Catching without breaking bones
  - Emergency back-up systems for power outage

KOSHER

- Need upright restraint systems only
- Can be done humanely but some rabbinical authorities allow bad practices - this is especially a problem overseas (Do we want same standards for imported products?)
- There are still some who are live hoisting animals in this country – especially for veal and sheep.

VEAL

- Need stall where it can turn around
- Liquid diet leads to anemia
- For kosher – should stop live hoisting
- Gayle has an expert within AVMA on calves who can help with this.

OTHER PRODUCTS

- Sometimes they want exemptions since they tend to be small operations - all size operations can be held to the same standard.
- Others include: small game, wild game, sheep and lambs, ducks

Follow-Up

- Temple will provide the beef and chicken audit forms
- FMI to send Adele's materials out to all expert panel members
- Gayle - reach out to veterinary experts
- Temple said she trains auditors to measure compliance
- Next meeting should be in mid-July

Upcoming meeting of the American Society of Animal Science (includes dairy, meat and poultry scientists) – Temple and Joe will be there and will get additional information and insight on what is happening in the industry on animal welfare.



October 25, 2000

Mr Gary G. Michael, CEO  
Albertson's Inc.  
PO Box 20  
Boise, ID 83726-0020

3 pages via fax: 208-395-6225

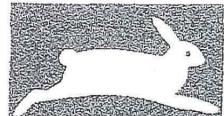
Dear Mr. Michael:

On behalf of People for the Ethical Treatment of Animals (PETA) and our more than 700,000 members and supporters, I am writing to request a copy of your standards for the welfare of animals raised by your beef, pork, chicken, egg, and dairy product suppliers, and to urge you to exceed McDonald's new animal welfare standards.

As you may know, McDonald's has recently developed regulations and an auditing procedure for both slaughterhouses and farms that raise animals for its restaurants. To date, McDonald's has: 1) instituted both stunning efficacy requirements and an auditing and sanctioning procedure for its slaughterhouses; 2) instituted a procedure to alleviate the suffering of chickens during the "catching" process (in preparation for their trip to the slaughterhouse); 3) required that its egg suppliers phase out the starving and dehydrating of hens (forced molting); and 4) required that egg suppliers give hens a minimum of 72 square inches of space per bird. McDonald's has also begun to explore the feasibility of buying only from suppliers who raise sows in less cruel conditions since currently, pregnant pigs are confined to concrete stalls so cramped that they cannot turn around.

You may be aware of the formal complaint by the Washington State Attorney General's Office detailing graphic allegations of inhumane conditions at an IBP slaughterhouse. Filed with the complaint were 17 affidavits from IBP slaughterhouse workers describing routine instances of inhumane slaughter in clear violation of federal and state humane-slaughter regulations. Workers allege excessive and cruel use of electric prods to speed cows through a fast-paced slaughter process that often does not allow for proper stunning of the animals. According to the affidavits, cows are still fully conscious while having their throats slit and being dismembered. In fact, a videotape taken at IBP shows this to be the case. On June 5, Washington Governor Gary Locke reaffirmed the seriousness of the charges by demanding an investigation into the matter by federal, state, and local authorities. We are interested in what steps you have taken to ensure that animals killed for your stores aren't skinned and dismembered while fully conscious.

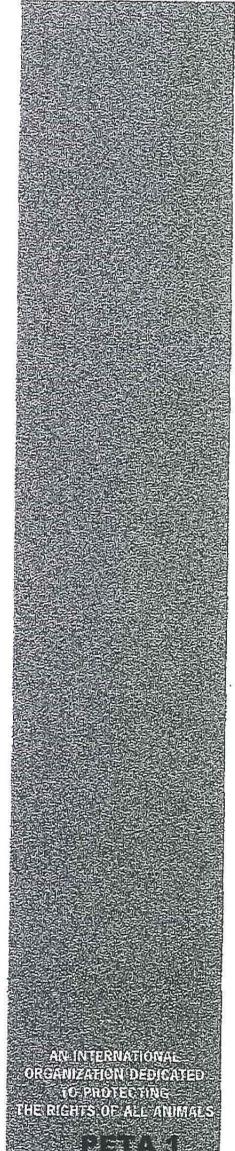
McDonald's CEO Jack Greenberg declared at the company's annual shareholder meeting in May that McDonald's takes animal welfare issues seriously and intends to be a leader on all fronts. McDonald's understands that it is in its best interests to place a premium on animal welfare, because customers care about animals. We are pleased by the basic, yet important, steps that McDonald's has taken and have declared a one-year moratorium on our campaign against McDonald's (see [www.McCruelty.com](http://www.McCruelty.com)), which has in the last year included more than 400 demonstrations and the production of advertisements, leaflets,



PEOPLE FOR THE ETHICAL  
TREATMENT OF ANIMALS

501 FRONT STREET  
NORFOLK, VA 23510  
TEL 757-622-PETA  
FAX 757-622-0457

[www.peta-online.org](http://www.peta-online.org)  
[info@peta-online.org](mailto:info@peta-online.org)



AN INTERNATIONAL  
ORGANIZATION DEDICATED  
TO PROTECTING  
THE RIGHTS OF ALL ANIMALS

PETA.1



**HIGHLY CONFIDENTIAL**

**DEFENDANTS'  
EXHIBIT**  
Case No. 1:11-cv-08808  
**D-0710**

**D-0710-0001 of 0003**

stickers, posters, billboards, and T-shirts that have been well covered by the media.

The following represent the most extreme areas of animal suffering experienced by animals raised for food. We would be happy to meet with you to go over each of the following points in detail, but I will summarize each briefly. We urge you to make a commitment similar to the one that McDonald's has made by instituting the following changes:

- 1) **Ensure 100 percent stunning efficacy for cows and pigs.** As the Washington IBP case makes clear, animals are routinely skinned and dismembered while still conscious, in violation of the one federal law that attempts to protect animals raised for food. The federal Humane Slaughter Act requires that cows and pigs be stunned before slaughter. You should require that your suppliers hire a second stunner on the "kill floor" and slow down slaughter lines in order to ensure that animals aren't skinned and dismembered while they are still conscious.
- 2) **Require that slaughterhouses effectively stun chickens before slaughter.** Currently, chickens in the U.S. are not stunned before their throats are slit, so they suffer miserably as they either bleed to death or are boiled alive in the feather-removal scalding tanks.
- 3) **Conduct unannounced audits at all slaughterhouses.** Hire an expert to audit slaughterhouses and cut off those that are skinning and dismembering conscious animals, as McDonald's has done.
- 4) **Require that suppliers immediately and humanely dispatch any animals who arrive at the slaughterhouse unable to walk, with broken limbs, or in severe pain (frozen, suffering from heat stroke, etc.).** Animals routinely arrive at slaughterhouses frozen to the sides of trucks or unable to walk because of injuries or heat exhaustion. They should not be dragged from the backs of trucks or tortured into walking. They should be humanely euthanized.
- 5) **Stop buying eggs from suppliers that give hens less than 72 square inches of space per bird and phase out purchases from suppliers that raise hens in battery cages.** Your suppliers cram hens into cages with about as much space per bird as one-half a sheet of standard paper, with tens of thousands of birds in filthy ammonia-laden sheds. This abuse, which is illegal in much of Europe and has been deemed cruel by the entire European Union, must be phased out.
- 6) **Stop buying eggs from suppliers that starve and dehydrate hens in order to increase egg production (a process known as "forced-molting").** Outlawed in Europe, this process, used to force hens into another egg-laying cycle, kills about one-third of the hens subjected to it.
- 7) **Buy only chickens raised truly free-roaming.** Intensively reared chickens are crammed into crowded warehouses with tens of thousands of other birds, where they have less space per bird than a standard sheet of paper. Cutting a hole in the side of currently used warehouses, as many so-called "free range" companies do, is not acceptable. Chickens

**HIGHLY CONFIDENTIAL**

**PETA 2**

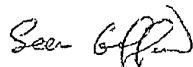
**D-0710-0002 of 0003**

require a nesting area, sunning area, shelter, and plenty of food and fresh water that is spread out enough to prevent the birds from fighting over it.

- 8) **Buy chicken flesh and eggs only from suppliers that don't debeak chickens.** Debeaking is the industry's cruel response to the destruction of nature's pecking order, which makes chickens insane and causes them to fight because of severe overcrowding. The solution is to improve conditions so that animals do not go insane and attack one another, not to hack off their body parts.
- 9) **Institute humane guidelines for methods of catching chickens.** Chicken catchers routinely break bones as they gather chickens in sheds, remove hens from cages, and load them into crates for transport to slaughter. Penalize workers who break bones and reward workers who treat chickens more gently.
- 10) **Require that your suppliers stop breeding animals for weight.** Currently, chickens are at full slaughter weight in less than two months. These birds suffer chronic leg pain and bone cracks, as their upper bodies are forced to grow so quickly that their legs cannot support their weight.
- 11) **Phase out purchases from farms that confine sows to stalls.** Sows must be given the ability to carry out their most basic instincts, such as rooting and nesting. Stalls that confine sows in isolation, have concrete floors, or lack adequate bedding are unacceptable.

Please know that since we've suspended our McDonald's campaign, we are in the process of choosing our next target. Please assure us that you plan to meet or exceed McDonald's commitment to animal welfare. We stand ready to meet with you, to assist you, and to work with you to improve the lot of the countless animals who depend on you for the relief of their suffering.

Sincerely,



Sean M. Gifford  
Vegetarian Campaign Coordinator  
Ext. 470

**HIGHLY CONFIDENTIAL**

**PETA 3**

**D-0710-0003 of 0003**

November 2, 2000

Mr. Joseph A. Pichler, CEO  
The Kroger Company  
1014 Vine St.  
Cincinnati, OH 45202-1141

2 pages via fax: 513-762-1400

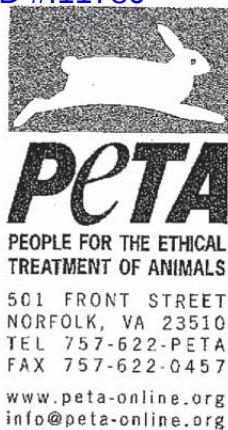
Dear Mr. Pichler:

Although we have not received a reply to our letter of October 25 urging Kroger to meet McDonald's new animal welfare standards, we have read media statements from Kroger that have appeared in *The Kiplinger Letter* (October 13, 2000) and the *Cincinnati Enquirer* (October 28, 2000). They are cause for confusion and concern.

Although Kroger claims to be following McDonald's lead, it appears that Kroger does not intend to improve the lives of animals raised and killed for its stores. Claiming that your suppliers treat animals "... in accordance with applicable laws and recognized industry standards" means nothing as industry standards are archaic and cruel and do not offer even the slightest protection from animal cruelty. Industry guidelines allow animals' beaks to be sliced off without painkillers, seven or eight hens to be crammed into an 18-by-20-inch space for their entire lives, the starving and dehydrating of hens for up to 14 days to force them into another egg-laying cycle (causing one-third of them to die), and other grotesqueries. McDonald's is challenging industry guidelines and requiring significant improvements of its suppliers. If your plan is to ensure that suppliers meet industry guidelines, then you have done nothing, not one animal's life has been improved, and your claims amount to consumer fraud.

Just as thieves will assure police officers that they haven't stolen anything, slaughterhouses will assure buyers that no laws are being broken. The only law that protects animals raised for food is the Humane Slaughter Act, and it is not enforced. Today, slaughter lines are moving so fast that many cows and pigs are not properly stunned and can be fully conscious during skinning and dismemberment. When McDonald's slaughterhouses were audited in 1996, they discovered that 70 percent of the facilities were not in compliance with the Humane Slaughter Act. Is Kroger going to purchase cows and pigs from suppliers that abuse animals and break the law? Please provide us with tangible evidence that Kroger will follow McDonald's lead by auditing its suppliers.

You also claim that your suppliers don't debeak chickens, yet debeaking is a standard agricultural practice for egg-laying hens. If Kroger has made the compassionate choice to refuse to buy from such suppliers, congratulations. Debeaking is a painful procedure that cuts through the sensitive nerves of a hen's beak causing thousands of hens to die from shock or later starve to death because it becomes too painful for them to eat. It is a cruel



AN INTERNATIONAL  
ORGANIZATION DEDICATED  
TO PROTECTING  
THE RIGHTS OF ALL ANIMALS

PETA 77

**HIGHLY CONFIDENTIAL**

**DEFENDANTS'  
EXHIBIT**

Case No. 1:11-cv-08808

**D-0712**

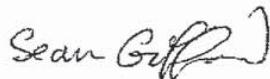
**D-0712-0001 of 0002**

solution to overcrowding, which causes hens to fight among themselves for enough space to simply sit down to rest in, something that your current space allowances do not permit every hen in a cage to have. A better solution is to take the hens out of cages. We fear, however, that your statement is not accurate since Kroger probably buys more eggs than McDonald's, and your action has created no buzz in the industry, while McDonald's improvements certainly have. Will you please confirm that Kroger does not purchase eggs from suppliers that debeak their hens?

We look forward to receiving your reply. We urge Kroger to make commitments similar to the ones McDonald's has made by instituting the changes outlined in our previous letter. As America's largest grocery store chain, Kroger has the opportunity to emerge as a leader in the humane treatment of animals by reducing the amount of suffering endured by the pigs, chickens and cows supplied to its stores. Dr. Steven Jay Gross, a business consultant from Chicago who was involved in our negotiations with McDonald's, is willing to work with Kroger to make this happen.

On behalf of PETA's 700,000 members, again, we look forward to working with you to alleviate some of the suffering that animals endure for Kroger.

Sincerely,



Sean M. Gifford  
Vegetarian Campaign Coordinator

cc: Dr. Steven J. Gross, Humane PAC  
Gary Rhodes, Manager of Corporate Affairs, Kroger

**HIGHLY CONFIDENTIAL**

**PETA 78**

**D-0712-0002 of 0002**

August 19, 2001

Mr. Lawrence R. Johnston, CEO  
Albertson's, Inc.  
250 Parkcenter Blvd.  
P.O. Box 20  
Boise, ID 83726-0020

2 pages via fax: 208-395-6225

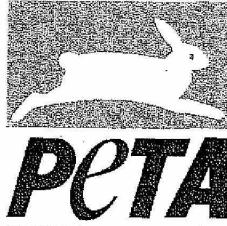
Dear Mr. Johnston:

When PETA first contacted Albertson's back in October of 2000 and urged the company to meet or exceed McDonald's new animal welfare guidelines, we had hoped that America's second-largest grocery-store chain would take action to reduce the suffering and misery of animals supplied to its stores. The next day, Jenny Enochson, a spokesperson for Albertson's, told the *Idaho Statesman*, "We are not ready to respond to PETA's letter at this time, but we are reviewing our current practices. It is our goal to respond." That was 11 months ago. PETA's subsequent letters and phone calls to Albertson's corporate offices have all gone unreturned.

Since our first letter to Albertson's in October, tremendous change has swept through the fast-food industry without any help from Albertson's. As both McDonald's and Burger King have demonstrated, it is in everyone's best interests to treat animals with basic decency. In late June, Burger King released a set of animal welfare guidelines that prohibit some of the worst acts of animal abuse—for example, skinning and dismembering fully conscious cows during slaughter, starving hens for up to two weeks in order to force them to lay more eggs, and confining hens to cages so small that they cannot all lie down at the same time. Burger King's CEO was quoted in the *New York Times* as saying, "We are the caretakers of God's creation. We have a moral obligation to treat them humanely, and when we do slaughter them, to do so in a painless manner." Currently, Tricon Global Restaurants is also forming an animal welfare panel to address critical animal welfare concerns, and Wendy's has reduced an enormous amount of suffering by implementing an auditing program to improve the slaughter methods of its suppliers.

As one of the main players in the grocery-store business, the moral obligation to treat animals humanely falls squarely on the shoulders of Albertson's, Inc. Yet, to date, PETA has received no indication whatsoever that Albertson's has any intention of reducing the suffering and misery of animals supplied to its stores. We have, however, received a letter sent to one of our members by Kent Killebrew, corporate director of quality assurance. In that letter, Mr. Killebrew states that Albertson's is in full agreement with the policy on animal welfare adopted by the Food Marketing Institute. It is encouraging to learn that Albertson's is aware of the work being done by the FMI, but attempting to deflect all tough questions to an industry trade group does not absolve Albertson's of responsibility for the animal abuse that it accepts from its suppliers. Regardless of the FMI's policies, Albertson's *must* take on the task of requiring its suppliers to meet or exceed the animal care standards adopted by Burger King and McDonald's. Just last week, PETA sent a letter to the FMI outlining a list of minimum standards that its members should adopt. While PETA remains guardedly optimistic that the FMI will release a satisfactory set of guidelines, I've enclosed a copy of this letter for your review, since the ultimate decision to implement these standards rests with Albertson's, not with the Food Marketing Institute.

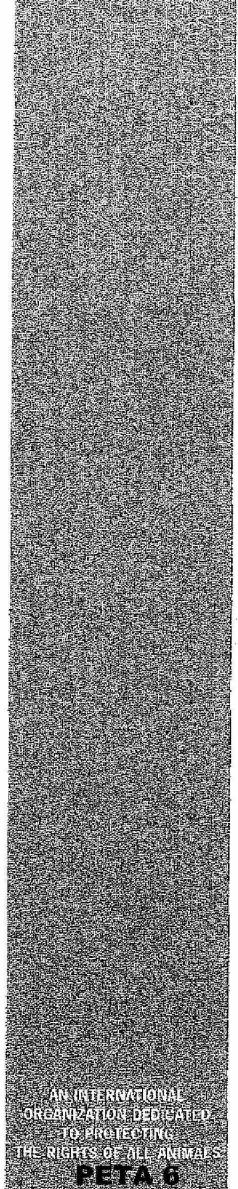
While PETA understands that it could take a few months for Albertson's to institute its own standards, there is one extreme situation that needs to be addressed immediately. A recent PETA



PEOPLE FOR THE ETHICAL  
TREATMENT OF ANIMALS

501 FRONT STREET  
NORFOLK, VA 23510  
TEL 757-622-PETA  
FAX 757-622-0457

[www.peta-online.org](http://www.peta-online.org)  
[info@peta-online.org](mailto:info@peta-online.org)



AN INTERNATIONAL  
ORGANIZATION DEDICATED  
TO PROTECTING  
THE RIGHTS OF ALL ANIMALS  
**PETA**

**HIGHLY CONFIDENTIAL**

**DEFENDANTS'  
EXHIBIT**

Case No. 1:11-cv-08808

**D-0717**

**D-0717-0001 of 0002**

investigation into Seaboard Farms, Inc.—North America's third-largest pork producer and reportedly a supplier to Albertson's—uncovered egregious acts of cruelty and neglect to pigs. During the investigation, farm managers and workers were caught on videotape routinely dragging, throwing, kicking, and beating animals—many to death—with metal gate rods and hammers. Others were left to suffer slow and agonizing deaths as a result of disease and injury, without receiving any veterinary care, despite the fact that management was fully aware of their conditions. It is bad enough that these animals were forced to endure horrible conditions in metal sheds where overcrowding and filth overwhelmed their senses. This additional abuse and neglect at the hands of Seaboard employees only served to worsen their nightmare and prevented them from engaging in the most basic of natural behaviors.

After speaking to one of Seaboard's distributors, we understand that Albertson's has carried Seaboard products in the past and may do so in the future, depending on weekly prices. We ask that you review the enclosed materials regarding the investigation and reevaluate whether Albertson's and its subsidiaries should continue buying from Seaboard.

That said, understand that we are ready and willing to work with Albertson's to develop meaningful reform in its supplier's practices. While PETA is currently targeting Wendy's with an aggressive international campaign ([WickedWendys.com](http://WickedWendys.com)), we will soon turn our attention to grocery store chains. If we are wrong about your intentions, please let us know that you are prepared to meet or exceed the standards set by McDonald's and Burger King, and we will gladly leave Albertson's in peace.

We look forward to your reply.

Sincerely,

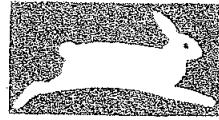


Sean Gifford  
Campaign Coordinator  
Ext. 1470

**HIGHLY CONFIDENTIAL**

**PETA 7**

**D-0717-0002 of 0002**



September 27, 2001

Mr. Lee Scott, CEO  
Wal-Mart Neighborhood Market  
702 S.W. Eighth St.  
Bentonville, AR 72712-6209

4 pages via fax: 501-273-4329

Dear Mr. Scott:

On behalf of People for the Ethical Treatment of Animals (PETA) and our more than 750,000 members and supporters, I am writing to request a copy of your company's minimal standards for the welfare of animals raised by your beef, pork, chicken, egg, and dairy product suppliers and to urge you to meet or exceed the new animal welfare standards set by McDonald's, Burger King, and Wendy's as soon as is humanly possible.

PETA made a similar request in a letter sent to you nearly a year ago but received no response. Perhaps the massive change that has swept through the retail food industry will compel Wal-Mart to take these issues to heart. As you may know, McDonald's, Burger King, and now Wendy's have developed regulations and an auditing procedure for slaughterhouses and farms that raise animals for their restaurants. Among various improvements, McDonald's, Burger King, and Wendy's have: 1) instituted stunning efficacy requirements and an auditing and sanctioning procedure for their slaughterhouses; 2) required the use of a procedure that alleviates the suffering of chickens during the catching process (for transfer to the slaughterhouse); 3) required that their egg suppliers phase out the starving and dehydrating of hens (forced molting); and 4) required that egg suppliers give hens a minimum of 72 or 75 square inches, respectively, of living space per bird. Burger King has also committed to buying from suppliers that raise sows less cruelly than commonly done today, i.e., those that do not keep pregnant and nursing pigs confined to concrete stalls so cramped that they cannot turn around.

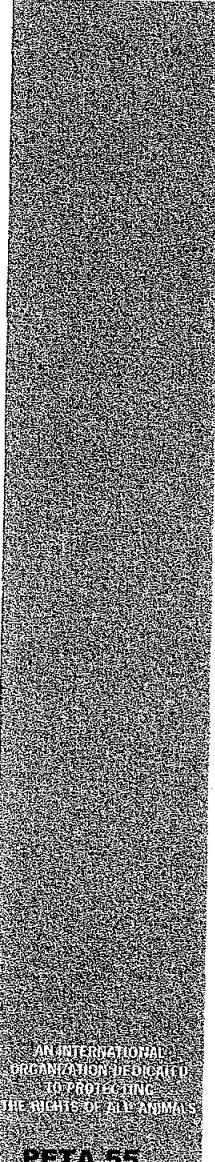
You may already be aware of the formal petition filed with the USDA by the Union of Federal Meat Inspectors and of the subsequent petition filed by the Burger King Corporation detailing graphic allegations of grossly inhumane conditions at USDA-inspected slaughterhouses. The Humane Slaughter Act, the only federal law on the books meant to protect animals raised for food, is not enforced. Today, slaughter lines move so fast that many cows and pigs are not properly stunned and are sometimes fully conscious during skinning and dismemberment (see the enclosed article from *The Washington Post*). We are interested in what steps you have taken to ensure that animals killed for your customers aren't skinned and dismembered while conscious.

McDonald's CEO Jack Greenberg declared at his company's annual meeting in May 2000 that McDonald's takes animal welfare issues seriously and intends to be a leader on all fronts. McDonald's understands that it is in its best interests to place a premium on animal welfare because an ever-growing number of customers choose not to support cruelty to animals. We were pleased by the basic, yet important, steps taken by McDonald's and declared a moratorium on our campaign against the Golden Arches (see McCruelty.com), which included more than 400 demonstrations and the production of advertisements, leaflets, stickers, posters, billboards, and T-shirts that have been well covered by the media. In late June, PETA's "Murder King" Campaign, which involved provocative ads, celebrity support from Alec Baldwin, James Cromwell, and Richard Pryor and more than 800 protests at Burger King restaurants worldwide, was called off.

PEOPLE FOR THE ETHICAL  
TREATMENT OF ANIMALS

501 FRONT STREET  
NORFOLK, VA 23510  
TEL 757-622-PETA  
FAX 757-622-0457

[www.peta-online.org](http://www.peta-online.org)  
[info@peta-online.org](mailto:info@peta-online.org)



AN INTERNATIONAL  
ORGANIZATION DEDICATED  
TO PROTECTING  
THE RIGHTS OF ALL ANIMALS

PETA 55

**HIGHLY CONFIDENTIAL**

**DEFENDANTS'  
EXHIBIT**

Case No. 1:11-cv-08808

**D-0718**

**D-0718-0001 of 0005**

after Burger King announced that it would exceed the animal welfare standards that PETA had negotiated with McDonald's (see [MurderKing.com](http://MurderKing.com)). Just this month, PETA's campaign against Wendy's was halted when the chain confirmed that it would implement animal care standards similar to those of its competitors (see [WickedWendys.com](http://WickedWendys.com)).

The following represent the most extreme areas of animal suffering experienced by animals raised for food. We would be happy to meet with you to go over each of the following points in detail, but I will summarize each briefly. We urge you to make a commitment at least equal to the ones that McDonald's, Burger King, and Wendy's have made, by instituting the following changes:

1. **Initiate audits of slaughterhouses and cut off suppliers that are out of compliance with humane slaughter guidelines.** The Humane Slaughter Act, the only federal law that protects animals raised for food, is not enforced—the government has taken inspectors off slaughter lines, so the industry is left to police itself. The result is that slaughterhouse workers routinely beat, scald, skin, and dismember conscious animals; this behavior has been documented on videotape and in statements from line workers and retired USDA inspectors.
2. **Cease buying eggs from suppliers that give hens less than 75 square inches of space per bird with the ultimate goal of phasing out battery cages altogether.** Currently, suppliers cram hens into wire mesh battery cages with about as much space per bird as one-half of a sheet of standard paper. This abuse, which has been condemned as cruel by the entire European Union, is the *modus operandi* for America's egg suppliers. The average stocking density for henhouses across the United States is an abysmal 48 to 54 square inches per bird—these conditions don't allow hens enough space to spread even one wing their entire lives, and losses from death are in excess of 16 percent in many systems.
3. **Buy chicken flesh and eggs only from suppliers that don't debeak chickens and ducks.** Debeaking is the industry's cruel response to the destruction of nature's pecking order, which causes birds to go insane and fight because of overcrowding. The solution is to improve conditions (as McDonald's, Burger King, and Wendy's have done) so that animals do not go insane and attack one another, not hack off beaks and bills.
4. **Institute humane guidelines for methods of catching chickens.** Chicken-catchers routinely break bones as they gather chickens in sheds, remove hens from cages, and load them into crates for transport to slaughter. McDonald's, Burger King, and Wendy's suppliers curb this problem by financially rewarding workers who treat chickens more gently, thereby reducing the frequency of broken bones and hemorrhaging.
5. **Stop buying eggs from suppliers that starve and dehydrate hens in order to increase egg production (a process known as "forced molting").** By removing food and water for up to two weeks, suppliers shock hens' worn-out bodies into another egg-laying cycle. Up to 5 percent of hens subjected to this procedure die, while the remaining hens, many of whom have lost all their feathers and 35 percent of their body weight, are forced to lay more eggs before being shipped off to slaughter. Forced molting is outlawed in Europe and has now been banned by McDonald's, Burger King, and Wendy's.
6. **Phase out purchases from farms that confine sows to stalls.** On today's factory farms, breeding pigs are confined to tiny concrete stalls for most of their lives. Unable to turn around, lie in a comfortable position, or nuzzle their babies, many of these animals go mad from the boredom, frustration, and stress, resulting in self-mutilation and aggressive behavior. Sow stalls are illegal

**HIGHLY CONFIDENTIAL**

**PETA 56**

**D-0718-0002 of 0005**

throughout much of Europe, and viable alternatives have proved successful in the United States and Canada. Currently, Burger King will begin buying from suppliers that raise sows in less cruel conditions, McDonald's is funding alternative sow housing research at Purdue University, and Wendy's is working with pig experts in the animal welfare field.

7. **Require slaughterhouses to improve electrical stunning of chickens by increasing stun bath settings to 120 mAmps, and encourage the adoption of gas stunning as a less cruel alternative.** Before their throats are cut, chickens' heads are passed through an electrically charged water bath that immobilizes them but does not render them insensible to pain. The amperage is so low that chickens are often alive and bleeding to death after their throats are slit and enter the scalding tank (boiling water for feather removal) still partially conscious. Some of them miss both the immobilization bath and the automated neck-slicer and are scalded to death while fully conscious. Burger King, McDonald's, and Wendy's have increased stun baths to 120 mAmps (Wendy's is considering going as high as 200 mAmps), which will improve the situation, but gas killing for chickens has proved to be a more humane means of slaughter and should replace inhumane and outdated electrical stunning. I'm sending a copy of PETA's research on this subject for your review.
8. **Require suppliers to adopt air-quality guidelines for chickens by limiting ammonia exposure to 25 parts per million, as done by Burger King and Wendy's, with an eventual goal of 10 parts per million.** Chickens exposed to toxic ammonia suffer from chronic respiratory diseases, weakened immune systems, bronchitis, and "ammonia burn," a painful condition of the eye that can lead to blindness.
9. **Require that suppliers immediately euthanize any animals who arrive at the slaughterhouse unable to walk, with broken limbs, or in severe pain (frozen, suffering from heat stroke, etc.).** Animals routinely arrive at slaughterhouses frozen to the sides of trucks or unable to walk because of injuries or heat exhaustion. They should not be dragged from the backs of trucks or tortured into walking. They should be euthanized.

These guidelines represent a good start. Over the next few months, Wal-Mart does not need to reinvent the wheel—McDonald's, Burger King, and Wendy's have laid the foundation for minimal standards on which you can build. Of course, these guidelines are far from complete, and all three fast-food chains have pledged to do more to improve conditions. To develop a comprehensive policy on animal welfare, Wal-Mart should start now to implement these additional steps:

1. **Require producers to improve conditions for veal calves in ways similar to existing United Kingdom and European standards.** In the United States, calves are separated from their mothers a day or two after birth, confined, tethered, isolated in dark crates so small that they cannot turn around or comfortably lie down, and fed an anemia-inducing diet to make their muscles pale and weak. Guidelines to reduce some of their suffering include:
  - prohibiting the tethering and muzzling of calves
  - banning the use of veal crates, with the ultimate goal of raising calves truly free-range (In the interim, the European Union system of pens should be adopted in which calves have contact with other calves and are given enough space to turn around and comfortably lie down in.)
  - requiring that calves not be kept in perpetual darkness and that artificial lighting be provided during normal daylight hours
  - requiring that calves be fed a diet that meets their nutritional needs, including a diet of solid food and dietary iron

**HIGHLY CONFIDENTIAL**

**PETA 57**

**D-0718-0003 of 0005**

- requiring that calves be given appropriate dry bedding
- requiring that calves not be weaned before 5 weeks of age

2. **Eliminate the use of rBST in dairy cattle.** Bovine somatotropin (rBST), also known as bovine growth hormone (BGH), was recently deemed so detrimental to cow welfare by a Canadian veterinary panel that it was rejected for use in Canada by its government. In fact, the panel found that rBST increased the risk of clinical mastitis (a painful infection of the udders) by approximately 25 percent and lameness by 50 percent. This drug, which may also harm human health, has been outlawed in Australia and the European Union.
3. **Improve living conditions for dairy cows.** Dairy cows must never be tethered, except when absolutely required (e.g., for milking, weighing, or veterinary care). All cattle, regardless of location, should have access to pasture or turn-out lots for a minimum of five hours per day, with a minimum of 600 square feet per cow. Cattle kept in dry lots must have access at all times to an area for lying down that is well-drained, provides shelter from the sun, and is large enough to accommodate all cattle lying down at the same time. Cattle must always have the space to turn around, groom themselves, and lie down freely. Cows should be fed a diet of grasses and other foods that meet their nutritional needs.
4. **Require dairies to immediately euthanize downed animals.** Up to 91 percent of non-ambulatory animals are dairy cattle. These animals suffer immensely as they are dragged, pushed, or hoisted from place to place.
5. **Buy chickens and ducks raised only truly free-roaming.** Intensively reared chickens are crammed into crowded warehouses with tens of thousands of other birds, where they have less space per bird than a standard sheet of paper. Cutting a hole in the side of currently used warehouses, as many so-called "free-range" companies do, is not acceptable. Chickens require a nesting area, a sunning area, shelter, and plenty of food and fresh water that is spread out enough to prevent the birds from fighting over it. Ducks require access to water to bathe and swim in, a basic necessity that is denied on factory farms.
6. **Require suppliers to stop breeding animals for weight.** Currently, chickens are at full slaughter weight in less than two months. These birds suffer chronic leg pain and bone cracks, as their upper bodies are forced to grow so quickly that their legs cannot support their weight.
7. **Prohibit suppliers from mutilating animals for convenience.** Tail-docking of cattle and pigs, toe-clipping of turkeys, and tooth-clipping of pigs are painful and unnecessary procedures. Dehorning should be eliminated, and castration should be performed only with the use of anesthesia.
8. **Prohibit the practice of branding.** Branding involves giving cattle third-degree burns without any painkillers, sometimes as often as four times over a two-year period. Currently, Burger King strongly discourages suppliers from branding, and Wal-Mart should openly condemn this practice.

In fairness, you should know that since PETA has called off its aggressive national campaign against Wendy's, we will soon turn our attention to grocery store chains. Please assure us that you plan to meet or exceed the commitments to animal welfare made by McDonald's, Burger King, and Wendy's. We stand ready to meet with you, to assist you, and to work with you to improve the lot of the countless animals who depend on you for the relief of their suffering.

HIGHLY CONFIDENTIAL

PETA 58

D-0718-0004 of 0005

We look forward to your reply.

Sincerely,



Sean Gifford  
Campaign Coordinator  
Ext. 1470

**HIGHLY CONFIDENTIAL**

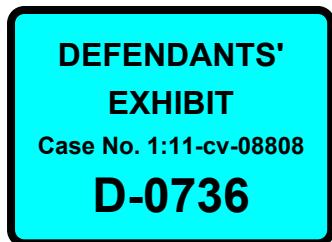
**PETA 59**

**D-0718-0005 of 0005**

CONFIDENTIAL



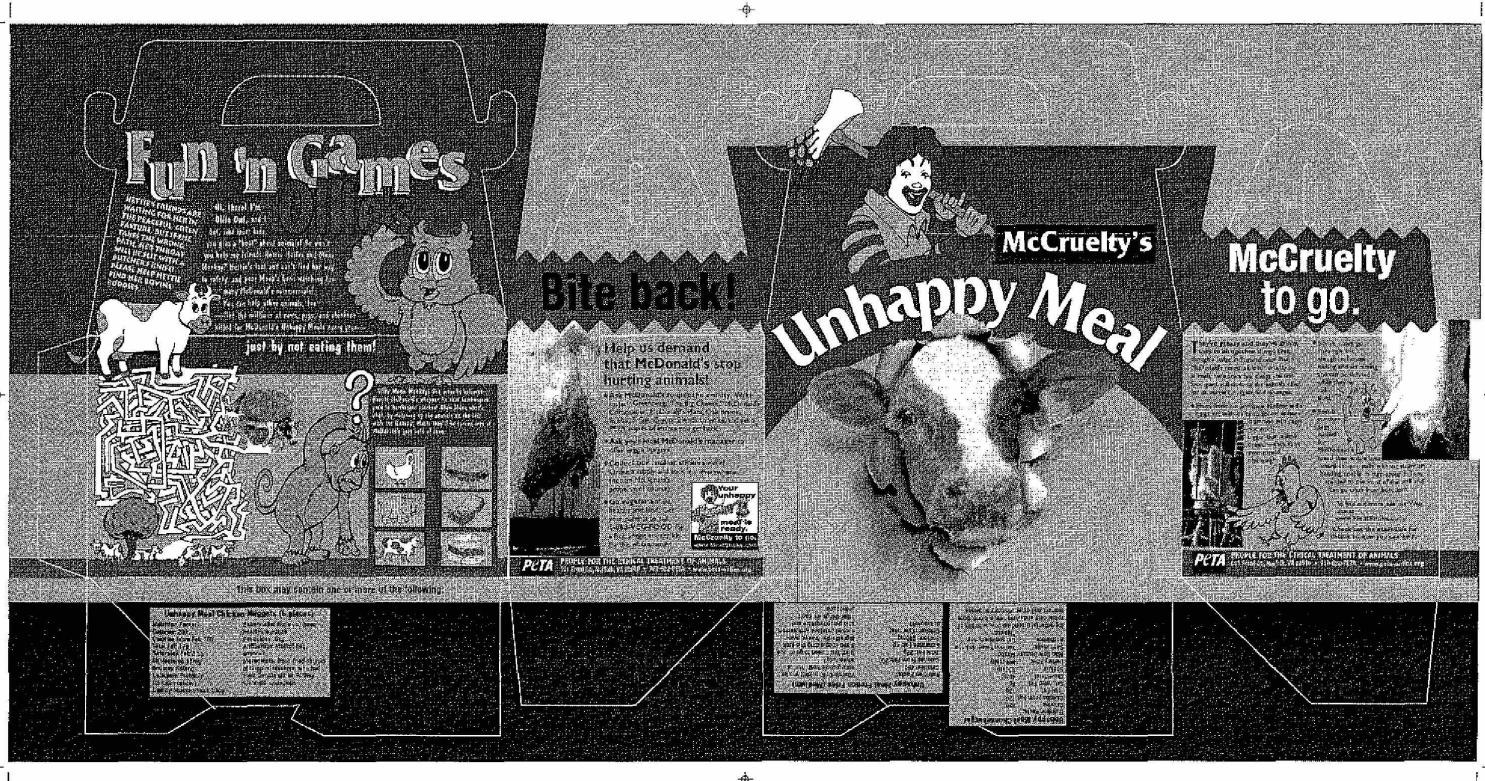
PETA 85



D-0736-0001 of 0001

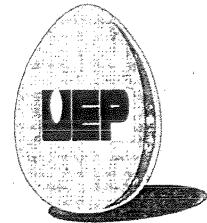
CONFIDENTIAL

PETA 86



**DEFENDANTS'**  
**EXHIBIT**  
Case No. 1:11-cv-08808  
**D-0737**

D-0737-0001 of 0001

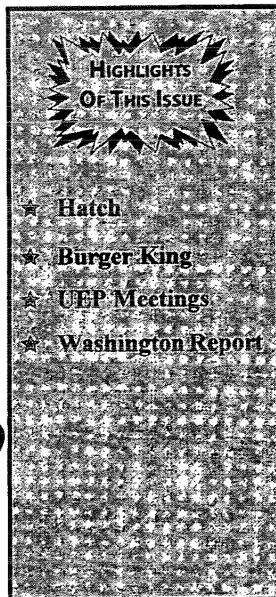


# United Voices



United Egg Producers  
Gene Gregory - Editor

July 9, 2001



## HATCH CONTINUES TO INCREASE

Pullet chicks hatched during May was 3% greater than the same month a year earlier and eggs in incubators on June 1<sup>st</sup> were 14% higher than at the same date a year earlier. There was at least one encouraging sign with the recently released USDA report. The nation's layer flock was reported at 273.2 million hens on June 1<sup>st</sup>, down 3.5 million from the previous month.

Month	PULLET CHICKS HATCHED (million)		
	1999	2000	2001
Jan.	17.6	17.1	18.9
Feb.	18.2	17.7	19.1
Mar.	20.6	19.8	20.1
Apr.	21.0	18.3	20.8
May	20.3	20.4	21.3
Total	97.7	93.3	100.2

UEP's Marketing Committee is now considering possible recommendations for an industry-wide chick hatch reduction program. A recommendation is expected soon.

## BURGER KING ADOPTS WELFARE GUIDELINES

The Burger King Corporation announced on June 28<sup>th</sup> that it will require stricter standards for animal treatment and handling by suppliers. "Our new guidelines and audits are the right thing to do," said John Dasburg, Burger King chairman, CEO and President. "Burger King is a company committed to the humane treatment of food animals used for our products."

The company is establishing animal handling verification guidelines for all cattle and swine slaughterhouses based on the American Meat Institute's audit program and for all poultry slaughterhouses based on the National Chicken Council's guidelines.

In regard to guidelines for egg laying hens, Burger King said it will adopt, and in some cases exceed, the United Egg Producers Scientific Advisory Committee's recommendations. Burger King will require of egg producers the following by no later than March 31, 2002.

- ◆ 75 square inches of usable floor space per bird.
- ◆ 2 water drinkers per cage to ensure a constant supply of water.

continued on page 2

July 9, 2001

Page 1

UE0135060

## DEFENDANTS' EXHIBIT

Case No. 1:11-cv-08808

**D-0971**

**D-0971-0001 of 0004**

continued from page 1

- ◆ Conveyor feed systems to ensure continuous access to fresh feed.
- ◆ Cage space must allow the birds to stand fully upright.
- ◆ A ban on the use of feed restricted forced molting.
- ◆ Ammonia concentration to which birds are exposed may not exceed 25 ppm, daily average over any consecutive seven-day period.

Burger King will also discourage the practice of beak trimming and encourages the industry to breed less aggressive laying hens that require little or no beak trimming. If beak trimming is necessary, the beak trimming must be done before the chicks are ten (10) days old. Suppliers to Burger King will be required to submit a beak trimming protocol to Burger King for approval by September 30, 2001.

PETA is taking credit for Burger King's actions. PETA is reported to have conducted 1,000 demonstrations at Burger King locations since January. PETA spokesman, Bruce Friedrich said, "We are ending the Burger King protest because Burger King has taken a great step to improve the lives of millions of animals." "The only way to avoid cruelty in meat production is to go vegetarian," said PETA president Ingrid Newkirk. Friedrich says Wendy's may be PETA's next target and that supermarket chains Kroger and Safeway could also be targeted.

---

### ***URNER BARRY'S EGG SITUATION***

Commentary by: Rick Brown – June 20, 2001

Buyers of heavy gradeable nest run product are finding availability very limited. With further processors increasing their bids for heavy nest run breaking stock, surplus product has flowed to the best alternative. Loose large tends to be less attractive for breaking due to its lighter weight. As a result, loose eggs are available at barely supportive to supportive levels while gradeable nest run product is trading at premiums. In-line operators must increasingly concentrate their efforts on making their surplus product available in the form that provides the widest selling opportunities. As food service has turned to egg products, loose eggs in cases are finding fewer outlets. Just as nest run product has moved away from material, so must loose eggs in the coming years.

---

### ***UEP MEETINGS***

UEP will again take the show on the road for a series of area meetings. These meetings are intended to solicit input from members as UEP's Board of Directors and staff begins establishing priorities for the coming year. Please mark your calendar and plan to attend one of the following meetings.

<b><u>Date</u></b>	<b><u>Location</u></b>
August 20	Atlanta, Georgia
August 22	Newark, New Jersey
August 23	Columbus, Ohio
August 28	Des Moines, Iowa
August 29	Ontario, California
August 30	Seattle, Washington

UEP is also planning a series of six (6) regional workshops during September and October for the purpose of providing final details of the XL Environmental Project. These workshops are intended as hands-on training of how to implement the components of the XL project. Watch for further details in this newsletter and by direct mailings.

UEP's Annual Board Meeting and Executive Conference will be held at the beautiful Hyatt Regency Lake Las Vegas Resort in Henderson, Nevada on the dates of October 17-19. Golfers will really enjoy the Jack Nicklaus designed Reflection Bay golf course. With industry economics and a changing market place, this year's Executive Conference will very likely focus a great deal of attention to these issues.

Come early to the UEP Annual Meeting. In conjunction with UEP's meeting, Watt Publishing has scheduled a very interesting, timely summit focusing on animal welfare from a worldwide perspective. Outstanding speakers from around the world are being arranged for this one-day event of October 16<sup>th</sup>.

---

### **ENVIRONMENTAL WORKGROUP MEETS IN CHICAGO**

By: Chad Gregory

On June 28 & 29, representatives from egg production, UEP staff, state poultry associations, state, regional and federal EPA met in Chicago to discuss the final phases of the UEP XL project. UEP's environmental consultant, Dr. John Thorne, was the moderator of the meeting and provided much of the material that was discussed.

How to develop an EMS (Environmental Management System), as well as, the audit criteria for the XL General Permit dominated the majority of time and discussions. Bob Pike of Braswell Milling in North Carolina participated in the workgroup and presented his company EMS as an example for the industry. Many state environmental officials were also on hand to give the group an update on the status of the XL project in their respective states.

EPA agreed to partner with UEP by encouraging and inviting all parties (egg producers, state and regional environmental officials) to future XL Workshops that will be scheduled later this fall. The concept of these regional workshops is to provide an opportunity for egg producers to interact on a face-to-face basis with their state environmental people. These individuals would use this time to develop EMSs and XL General Permits for their state. Look for more information in future newsletters and mailings as to dates and locations near you. You will be encouraged to attend.

A consensus among the group as to the **5 top reasons to pursue the XL General Permit** were:

1. **Value company reputation / Image / Protect the company name / Be a good neighbor**
2. **Protect the egg industry's image and reputation with media and government agencies.**
3. **Reduction of potential liability / Sound business management techniques / easier to track and comply with regulations /Way of having a "Good Housekeeping" program**
4. **Industry – Government Partnership / EPA will allow industry to self regulate**
5. **Better to be on the "offensive rather than the defensive"**

---

### **CONSOLIDATION**

Southern New England Eggs, Inc. and Moark LLC announced that they have joined together in a partnership and joint marketing agreement. Southern New England Eggs, Inc. is based in Franklin, Connecticut and markets shell eggs in New England and the Northeast. Moark LLC is headquartered in Neosho, Missouri and markets shell eggs and egg products throughout the Midwest, South-Central, Western states, and the Northeast.

Jerry Kil who will continue in his current position managing the operation stated that, "I look forward to working with Moark and see this as an opportunity to grow our business while maintaining our commitment to a quality product and outstanding customer service. Moark is a first class operation and our association with them will be very beneficial to both our customers and employees".

**YOU WANT SUNNY-SIDE UP EGGS - SIGN A WAIVER**

Steve Dunleavy wrote in the June 17<sup>th</sup> issue of the New York Post "that means I can't have eggs sunny-side up or I might die a terrible death." Mr. Dunleavy quotes the owner of a Chicago restaurant as saying, "If a customer wants sunny-side up or runny eggs, he or she will be required to sign a waiver that takes responsibility away from us. We have to cover ourselves." Mr. Dunleavy puts all this into perspective when he points to the government numbers of one egg in 20,000 might contain SE and that with each person eating 260 eggs per year you might get a bad egg once in 84 years.

**INSURANCE FOR XL FARMS**

Brown & Brown Insurance Company has developed a Pollution Liability Insurance policy with coverage being available to all producers who qualify for the XL Environmental Program. Producers who have received a favorable audit from the American Clean Water Foundation will probably qualify immediately for coverage prior to actual certification by the XL program.

For a complete detail of the coverage provided in this special policy, please contact Jack Shuford or Carolyn Gray at Brown & Brown, phone number (800) 647-5496. Brown & Brown has had UEP's "preferred vendor" status for more than 20 years.

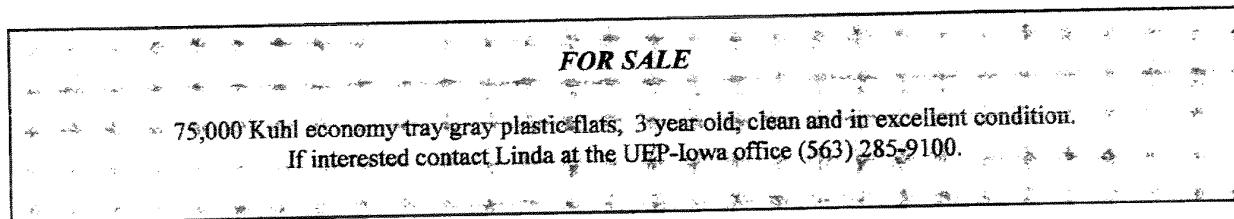
**EGGPAC REPORT**

By: Linda Reickard

June was our official EggPAC month; and as of July 2<sup>nd</sup>, we had received \$25,817. This is far short of our goal, but we know the members we haven't heard from will have their contributions in shortly. A list of those having made contributions is enclosed with this newsletter.

UEP Board and Committee members will be making calls this month to members who haven't contributed, so save your fellow producers from making that phone call and mail your contribution today.

This EggPAC fund makes lobbying in Washington possible. This might be the most important personal check you write all year.

**NATIONWIDE EGG MARKET OUTLOOK**

July 5, 2001	NE	Change	MW	Change	SE	Change	SC	Change
Class 1	29	NC	32	NC	33	NC	32	NC
Class 2	27	NC	29	NC	30	NC	29	NC
Class 3	22	NC	24	NC	23	NC	24	NC
Class 4	19	NC	21	NC	21	NC	19	NC
Breaking Stock	30	NC	32	NC	30	NC	32	NC



United Egg

# United Voices

Gene Gregory – Editor

## HIGHLIGHTS OF THIS ISSUE

- \* **HSUS Pushes Bill**
- \* **Molted Flocks – Back In Production**
- \* **FMI/NGA Conference**

## HSUS Pushes The Farm Animal Stewardship Purchasing Act

The Humane Society of the United States (HSUS) urges Congress to pass House Bill # 5557, the Farm Animal Stewardship Purchasing Act, which was introduced by Congressmen Christopher Shays (R-CT) and Peter DeFazio (D-OR) on June 8<sup>th</sup>. The Bill would require animal producers supplying meat, dairy products and eggs to the military, federal prisons, school lunches, and a variety of other federal programs to comply with animal welfare standards.

The Bill would require that producers provide farm animals with adequate shelter and space, daily access to food and water, and adequate veterinary care. Adequate shelter is defined as: *“adequate shelter which allows sufficient space for the covered animal to stand, lie down, get up, walk, move his or her head freely, rest, and turn around completely and fully extend all limbs or wings without touching any part of the enclosure.”*

HSUS has obviously worked with the Congressmen to include language within the Bill that would prohibit egg producers with cage layers from selling products to the government and therefore promote their agenda for non-cage systems.

Congressman Shays, co-chair of the Congressional Friends of Animals Caucus said: *“Our government can have a tremendous impact in encouraging improved treatment of animals by requiring producers to meet basic federal animal welfare requirements. I look forward to working with Representative DeFazio and the HSUS on building support for this legislation.”*

Congressman DeFazio said: *“Increasingly, Americans are demanding we treat farm animals more humanely. As a major buyer of farm animal products, the federal government can and should help lead the way, encouraging more humane practices.”*

HSUS says: *“Each year, the federal government spends billions of dollars on food for programs at agencies including the National School Lunch Program, the Armed Services, and the Bureau of Prisons. Consumers are demanding better animal welfare standards and many national corporations have stopped selling eggs from hens kept in battery cages and adopted other food reforms. The Shays/DeFazio bill would help move the market in this direction.*

HSUS has urged their members and anyone visiting their website to contact their Congressmen and urge their Congressman to co-sponsor and support H.R. 5557.

June 23, 2006

UE0074586

## DEFENDANTS' EXHIBIT

Case No. 1:11-cv-08808

**D-1086**

**D-1086-0001 of 0004**

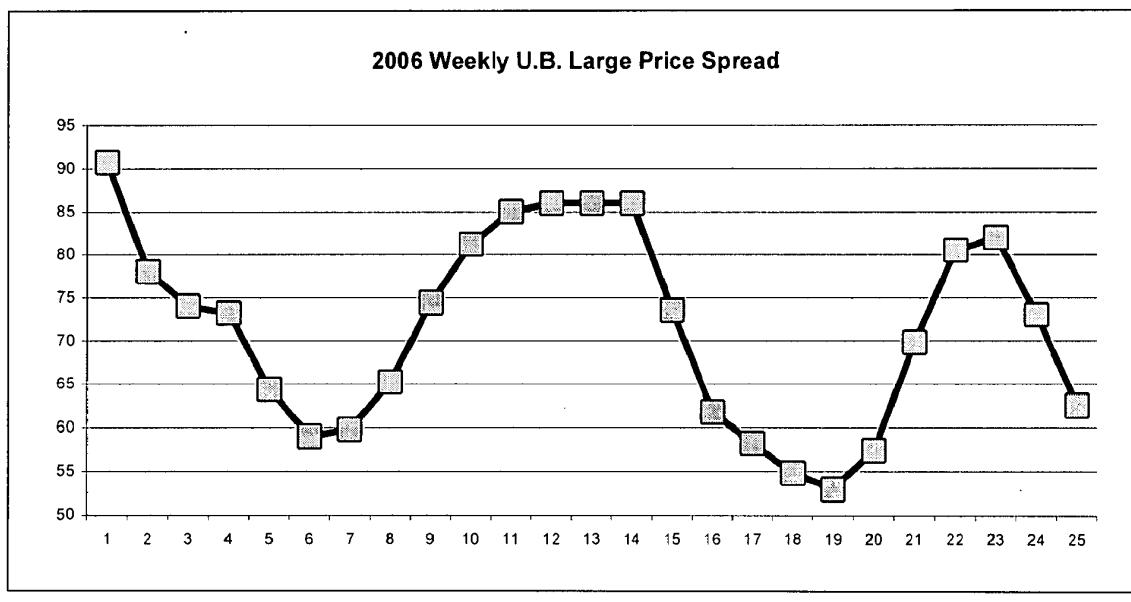
### Are Early Molted Flocks Back in Production?

Recognizing that shell egg demand has historically been out of balance with supply during the weeks between Easter and Labor Day, UEP's Marketing Committee recommended that members molt and dispose of flocks six weeks earlier than previously scheduled.

Since mid-May we have seen egg prices rise by 29 cents per dozen and then begin to decline. From the early June peak price, we have seen prices decline by 24 cents per dozen within 11 days. The Urner Barry Midwest Large quote was at 58 cents on June 22<sup>nd</sup> (the day this story was written) and 7 cents per dozen below the unprofitable level on the same day a year ago. Have early molted flocks come back into production? Did anyone follow the recommendation to dispose of flocks six weeks early? Do these wide market swings do a disservice to our customers? **Am I wasting my time writing about this and urging producers to be more responsive?** Egg producers, whether marketing shell egg or egg products, are going to have to come to terms with the oversupply problem.

A producer wrote UEP saying: *"It is pretty obvious that the molted birds from about six weeks ago are all back in production and we know that we cannot expect the breakers to help us out as they are nearly self-sufficient and the dried inventories are at or near all time highs. We were wondering if a proposal to extend all molts by one additional week through September would be a simple enough program to get everyone who molts to participate. It would not matter what length of molt you currently do, just extend it by one week. We think it would have a very positive impact on supply."*

UEP's Production Planning Calendar provides a 10-year history of supply demand. The average supply demand index for the weeks between July 1 and September 15 is 94.12% meaning that supplies have historically been nearly 6% greater than the demand. Based upon this history, shouldn't we reduce supply over the next 11 weeks? Shell egg producers need to recognize that with nearly 50% of all eggs being broken coming out of in-line production/breaking facilities, finding a home for surplus shell eggs is becoming more and more difficult.



### Largest New Zealand Egg Producers Will Label Eggs As Cage Eggs

Animal activists presented a petition with more than 51,000 signatures to the New Zealand Parliament, which forced the two largest cage egg producers in the country to label their egg cartons as "Cage Eggs".

June 23, 2006

2

UE0074587

**D-1086-0002 of 0004**

## British Egg Council Seeks Ban On EU Egg Imports

Britain's Egg Industry Council is asking that the country stop importing eggs from certain European Union countries because of salmonella threats. The Council believes that imports from other EU countries should be banned unless they have been produced to the standards required by the British Lion scheme, including vaccination of hens against salmonella, a best-before date on every egg and full traceability of eggs, hens and feed.

---

## Pork Welfare Program

The Pork Industry Animal Care Coalition has announced the new Pork Quality Assurance Plus welfare certification program. It is reportedly been developed by the Pork Industry Animal Care Coalition, which is composed of pig producers, meat packers, processors, retailers, restaurants and their associations. Scheduled for launch on July 1, 2007, with a 3-year implementation period, the program consists of training, on-farm assessments, certification and an auditing process.

---

## Maurice Stein Award

The scholarship foundation named in honor of UEP's first Chairman, Maurice Stein and managed by UEP, has annually rewarded a college student with a scholarship for future education. The selection of the student to receive the scholarship is made by the Poultry Science Association.

This year's honoree is Vanessa Kretzchmar-McCluskey, who received a B.S. in Poultry Science with a minor in Spanish from Auburn University. Vanessa entered into her Ph.D. research and is currently pursuing her studies with research focusing on the natural prevalence of *Salmonella Enteritidis* and other microflora on the exterior, in the interior shell, and in the contents of shell eggs. She manages the Auburn University Egg Quality Laboratory where research is done on the functional properties of eggs. In the future, Vanessa hopes to work in an educational or research and development field focusing on food safety.

---

## Farmed Animal Net

This website says this is a source for "*objective information for the thinking advocate*". So who are the sponsors of [www.farmedanimal.net](http://www.farmedanimal.net)? The answer is: Animal Place, Animal Welfare Institute, Animal Welfare Trust, Farm Sanctuary, The Glaser Progress Foundation, The Humane Society of the United States (HSUS), and People for Ethical Treatment of Animals (PETA). Once again, it shows that HSUS and PETA have close ties.

---

## Condolences

Joseph Maust Sr. passed away at his home on June 16<sup>th</sup> at the age of 98. The founder of Active Feed Company and the egg production/marketing company of the same name was still coming to the office in Pigeon, Michigan a few hours per day up until his death. The long time member of United Egg Producers was a sportsman and enjoyed golf, hunting, bowling, and downhill skiing. He and his wife Emma had recently celebrated their 70<sup>th</sup> wedding anniversary. Beginning as a farmer, Mr. Maust ventured into the frozen food locker plant business and later added a grocery store. Moving on from those enterprises, he opened his feed business, later adding the egg production and marketing, then a propane gas business, and held a majority interest in a local area bank with financial services and insurance.

---

## FMI/NGA Public Policy Conference

UEP recently had the opportunity to promote the **United Egg Producers Certified** program to the members of the Food Marketing Institute (FMI), the National Grocers Association (NGA), and the Food Industry Association

Executives (FIAE). The event, **Public Policy Conference**, held in Washington, D.C., included Executive level representatives from most of the major grocery chains and many small retailers in the country.

The **United Egg Producers Certified** program was presented on four occasions at the following events:

- FMI/NGA Joint State Association Meeting
- FMI Public Affairs & Government Relations Committee Meeting
- NGA Government Relations Leadership Council Meeting.
- Breakfast meeting of all attendees.

---

### **Bird Flu Preparedness Workshop**

Approximately 90 people were in attendance at the UEP Avian Influenza Workshop held in Atlanta on June 14 & 15. Experts making presentations on the subject of avian influenza included:

- Dr. David Swayne – USDA/ARS Southeastern Poultry Research Lab
- Dr. Nina Marano – Centers for Disease Control
- Dr. Jill Nezworski – Minnesota Veterinarian
- Andy Rhorer – USDA/APHIS National Poultry Improvement Plan
- Dr. Karen Grogan – USDA/APHIS National Poultry Improvement Plan
- Dr. Larry Granger – USDA/APHIS
- Dr. Nan Hanshaw Roberts – Pennsylvania Department of Agriculture

The package of material included information prepared by UEP's Washington team that addressed the issues of:

- Prevention
- Low-Path versus High-Path Avian Influenza
- Surveillance
- Response Plan for HPAI
- State Role & Individual Producer Impact
- Crisis Communications Manual

---

### **Egg Products**

USDA reported, for week ending June 17, 2006, that the number of cases of shell eggs broken, year-to-date, was 1% below the previous year levels. Despite breaking 1% fewer cases, the volume of liquid whole egg was reported to be 3% larger than a year ago at this date.

USDA reported the dried egg inventory on May 31, 2006 to be 48% larger than on the same date a year ago and 13% larger than the previous month.

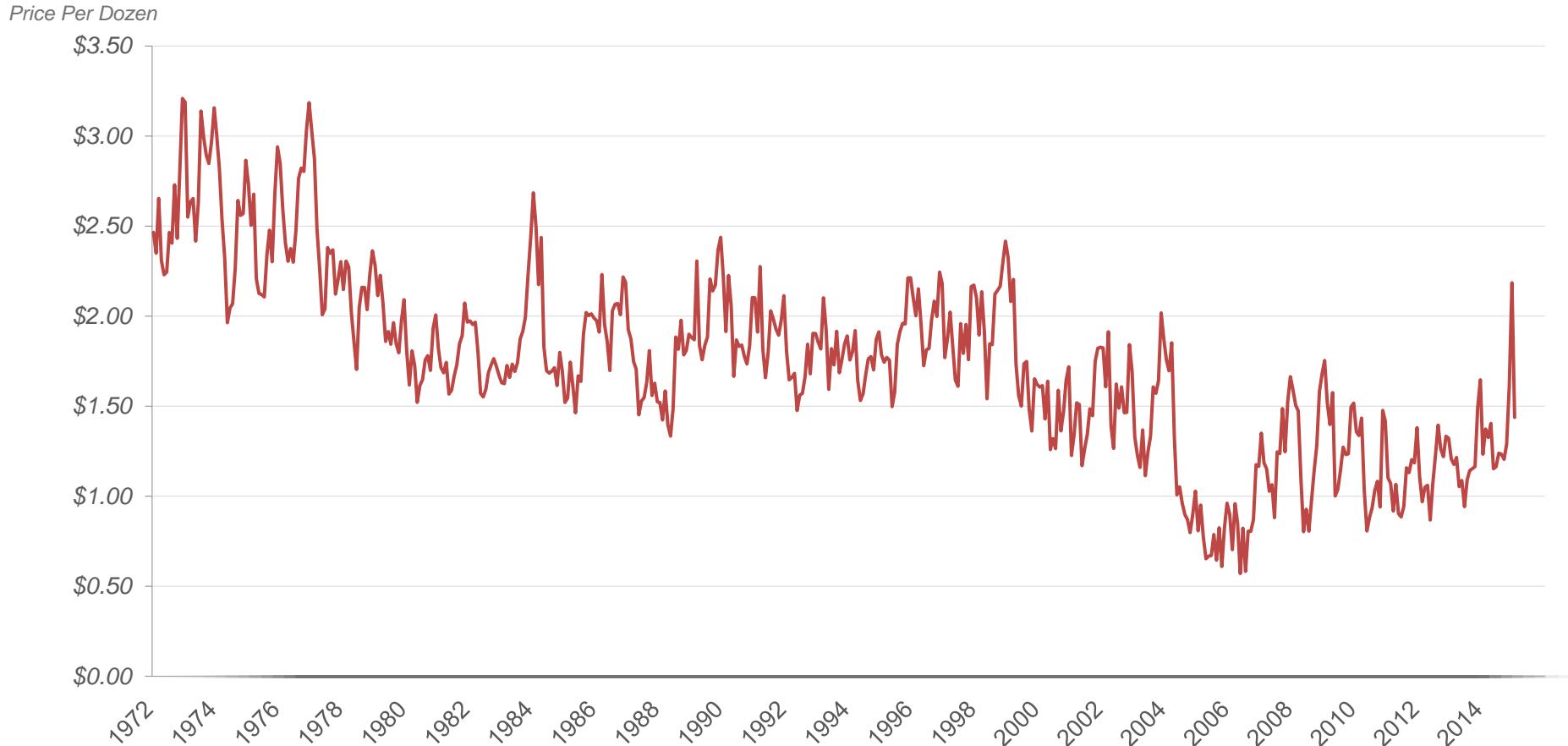
---

### **Largest Food Retailers**

*Feedstuff's* magazine listed the largest food retailers in the U.S. in terms of dollar sales in their June 5<sup>th</sup> issue. Wal-Mart, Kroger, Albertson's, Safeway, and Costco were the five leading companies. With the merger of SuperValu in the 11<sup>th</sup> spot and Albertson's in the 3<sup>rd</sup> spot, things will be changing but the combination will not replace either Wal-Mart or Kroger.

Wal-Mart holds a 26.7% share of the total grocery sales in grocery stores and supermarkets based upon 2005 sales, followed by Kroger's 9.8%. The two companies represent 24.7% of all food sold in retail formats.

---



Source: Walker, Figure 11

\* Adjusted for inflation / Grade A Large Eggs

DEFENDANTS'

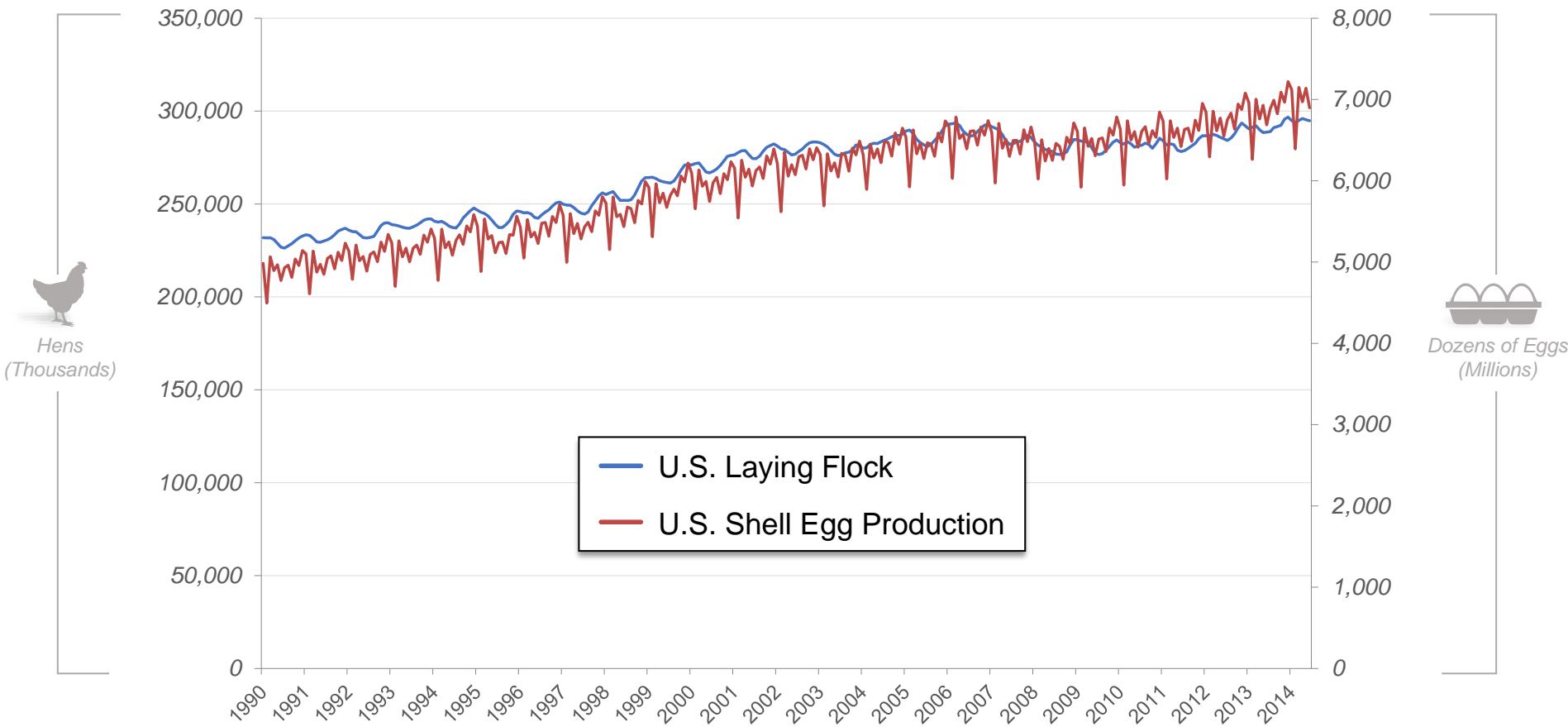
EXHIBIT

Case No. 1:11-cv-08808

**D-1164**

**D-1164-0001 of 0001**

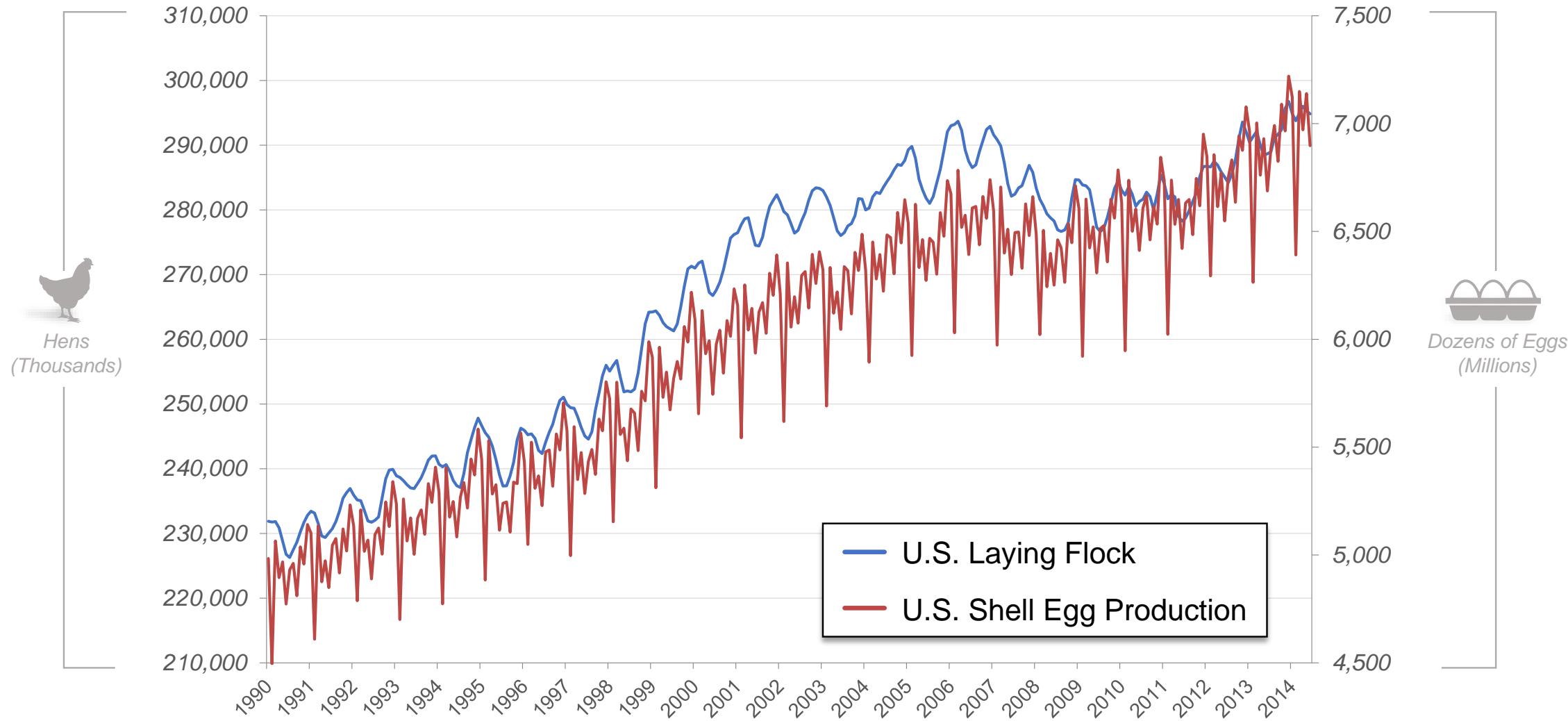
# U.S. Laying Flock & Shell Egg Production: Jan 1990 - June 2014



DEFENDANTS'  
EXHIBIT  
Case No. 1:11-cv-08808  
**D-1165**

**D-1165-0001 of 0002**

# U.S. Laying Flock & Shell Egg Production: Jan 1990 - June 2014



Source: Walker, Figure 13

D-1165-0002 of 0002

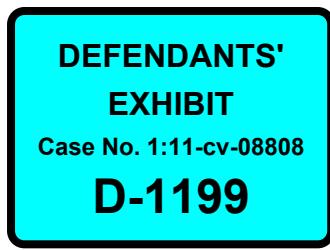
Cal-Maine Net Income (Loss)	
Fiscal Year	Net Income/Loss
1997	\$14,845,000
1998	\$5,379,000
1999	\$5,080,000
2000	(\$17,379,000)
2001	\$6,824,000
2002	(\$10,574,000)
2003	\$12,212,000
2004	\$66,442,000
2005	(\$10,358,000)
2006	(\$1,013,000)
2007	\$36,656,000
2008	\$151,861,000
2009	\$79,500,000
2010	\$67,823,000
2011	\$60,839,000
2012	\$89,735,000

Source(s): Cal-Maine Form 10-Ks for Fiscal Years 1997 through 2012

Cal-Maine Dozens of Eggs Sold	
Fiscal Year	Dozens Sold
1997	379 million (309.8 million)
1998	424 million (328 million)
1999	425.5 million (309 million)
2000	526 million (388 million)
2001	545 million (419 million)
2002	561.8 million (431 million)
2003	571 million (441 million)
2004	605 million (458 million)
2005	575 million (435 million)
2006	683 million (537 million)
2007	685 million (536 million)
2008	678 million (535 million)
2009	778 million (598 million)
2010	805 million (640 million)
2011	812 million (634 million)
2012	884 million (663 million)

Source(s): Cal-Maine Form 10-Ks for Fiscal Years 1997 through 2012

Note: Numbers in parentheses are eggs produced by Cal-Maine. The total includes Cal-Maine produced eggs and eggs produced by contract farmers.

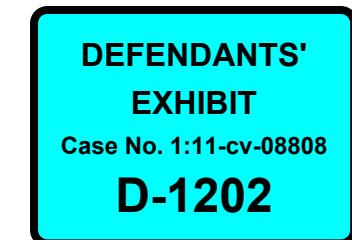


D-1199-0001 of 0002

Cal-Maine Layer Flock Size	
Fiscal Year	Egg-Laying Hen Flock Size
1997	14.8 million
1998	15.1 million
1999	16.5 million
2000	20 million
2001	21 million
2002	21 million
2003	22 million
2004	20 million
2005	18 million
2006	23 million
2007	23 million
2008	22 million
2009	27 million
2010	26.3 million
2011	26.8 million
2012	26.2 million

Source(s): Cal-Maine Form 10-Ks for Fiscal Years 1997 through 2012

Laws Related to the Treatment of Egg Laying Hens and Cage Space During the Relevant Time Period				
Jurisdiction	Type	Introduced	Passage	Nature
European Union	EU Council Directive		1999	Council directive banned construction of new battery cages effective Jan. 1, 2003. Battery cages prohibited effective Jan. 1, 2012.
Washington	Law	Feb. 1, 2001	Did not pass	Would have prohibited forced molting, beak trimming, and battery cages.
Washington	Law	Jan. 27, 2011	May 10, 2011	Law requires that all egg producers in the state and who sell eggs or egg products in the state are UEP certified or cage free (or comply with more strict standards) until Jan. 1, 2026, effective Aug. 1, 2012. Requires that all egg producers in the state and who sell egg or egg products in the state comply with the American Humane Association enriched colony housing requirements effective Jan. 1, 2026.
New Jersey	Regulation	2006	Dec. 4, 2006	Regulation requires adequate space to stand, lie down, get up, walk, spread wings, move head, turn around, and rest for all hens in state effective Dec. 4, 2006.
California	Ballot Initiative	Apr. 9, 2008	Nov. 4, 2008	Law requires all hens in the state to have sufficient space to turn around freely, lie down, stand up, and fully extend wings effective Jan. 1, 2015.
California	Law	Feb. 27, 2009	Jul. 6, 2010	Law expands application of 2008 law to apply to all eggs sold in the state effective Jan. 1, 2015
Arizona	Regulation	Nov. 14, 2008	May 29, 2009	Regulation requires 2008 UEP Guidelines or cage free for all hens in state and eggs sold in state effective Oct. 1, 2009
Massachusetts	Ballot Initiative	Jul. 6, 2016	Passed (Nov. 8, 2016)	Requires sufficient space to turn around freely, lie down, stand up, and fully extend both wings (defined as 1.5 square feet per hen) for all hens in state and all shell eggs sold in state effective Jan. 1, 2022.



D-1202-0001 of 0002

Jurisdiction	Type	Introduced	Passage	Nature
Michigan	Law	Jun. 23, 2009	Oct. 15, 2009	Law requires all hens in the state to be able to lay down, stand up, extend wings, and turn around effective 2019.
Ohio	Law	Jan. 19, 2010	Mar. 31, 2010	Law created Ohio Livestock Care Standards Board to pass regulations ensuring wellbeing of livestock including laying hens effective Mar. 31, 2010.
Ohio	Regulation	May 9, 2011	Sept. 29, 2011	Regulation requires 67 square inches per hen for hens in the state for new systems installed on existing farms after Sept. 29, 2011 effective Sept. 29, 2011. Requires 67 square inches per hen on average by house/barn for existing systems on existing farms by Sept. 29, 2016. Prohibits battery cage installation on any new farms opened after Sept. 29, 2011 effective Sept. 29, 2011.
Oregon	Law	Feb. 22, 2011	2011	Law requires cages built before Jan. 1, 2012 to meet the requirements of the UEP guidelines for all hens in the state. Requires cages built after Jan. 1, 2012 to be an enriched colony facility system with each hen having at least 116.3 of floor space per hen.
Federal	Law	Jan. 23, 2012	Did not pass	Would have banned battery cages but allowed the use of enriched colony cages with at least 124 square inches per hen. Would have required descriptions on egg cartons describing the housing system for laying hens.